



Laingsburg Local Municipality

Annual Report 2008/2009

Submitted in terms of Section 46 of the Municipal Systems Act and Section 127 of the Municipal Finance Management Act

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Laingsburg Local Municipality

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Executive summary

This document represents the Annual Report for Laingsburg Local Municipality for the 2008/09 Municipal Financial Year.

Socioeconomic and demographic profile

Laingsburg Local Municipality (LLM) is located in the Central Karoo region of the Western Cape. It is the smallest municipality in the province with a total population estimate of 7330 and with slightly less than 2000 households. The municipality's main socioeconomic challenges include high unemployment and declining school enrolment. While agriculture is the dominant sector in the region, there is also a growing emphasis being placed on tourism and associated economic sectors.

Governance and Intergovernmental Relations

In 2008/09 the municipality experienced sound political stability with no changes in Council. With respect to IGR, the municipality has continued to be active in the DCF meetings and regularly engaged with provincial government on key issues affecting the district as a whole and the municipality. The municipality enjoys a good working relationship with the other local municipalities as well as the Central Karoo District Municipality (CKDM) and places great value on the quality of intergovernmental relations.

Integrated Development Plan (IDP) and related activities

The municipality prepared and approved its IDP within the specified timeframes. A range of public participation events and initiatives were held by LLM during the financial year in order to engage with communities on their needs and discuss ways in which the municipality can work alongside communities to improve the quality of life.

Service Delivery

With respect to service delivery, all households in the municipality receive basic services and all indigent households receive Free Basic Services. The municipality's main spending priority in 2008/09 was water services, with the bulk of capital spending directed at water related infrastructure projects. There was no housing delivery in the financial year, resulting in slight under-spending on the capital account. The municipality has sought to address its capacity gap in certain services such as electricity by utilising Beaufort West Local Municipality's electricity department on a shared service basis.

Institutional development and transformation

The municipality only has one Section 57 employee, the Municipal Manager, whose performance was assessed by Council as per legislation. In terms of employment equity, more than 40% of the municipality's staff is female, occupying key positions in middle management and at the supervisory level. A number of new appointments were made during the financial year, most notably the Internal Auditor post which was filled. The municipality does not have a functional PMS, but has a framework in place and hopes to make headway in terms of implementation in the year ahead.



Financial Management and Viability

The municipality had no external loans during the year and has implemented a range of financial policies such as a tariff policy, credit control, supply chain management and asset management policy, amongst others. The municipality faces challenges in terms of financial management and continues to work towards addressing these. Constraints include the small revenue base of the municipality and thus a high dependency on grants, lack of funding for bulk infrastructure and the lack of own funding to implement capital projects.

Local Economic Development (LED)

The LED strategy of the municipality guides its efforts to improve economic growth in the region. A range of projects have continued to be implemented in an attempt to address poverty, create income generating opportunities and build capacity within the community. These include computer training, crafts projects and a diverse youth development programme.

Monitoring and evaluation

LLM has worked closely with non-governmental organisations, area committees and its various public participation structures to gain feedback from its residents on its performance and in order to assess needs. The complaints management system was also an important tool for monitoring performance from the perspective of those receiving services from LLM.

While the PMS was not functional in 2008/09, the SDBIP was used internally to monitor progress to towards achieving targets which were set at the start of the year. The municipality reported on progress quarterly and annually and while most targets were met, there remain areas of improvement.

Special achievements and awards during 2008/09

Laingsburg Local Municipality received two Vuna awards during the 2008/09 municipal financial year, although these were relevant to performance in the previous financial year:

- First prize in Category B - Provincial Vuna Awards for 2007/08 Financial Year (received from PGWC Department of Local Government and Housing)
- First prize in Category B – National Vuna Awards for 2007/08 Financial Year (received from National Department of Provincial and Local Government)



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Vision and Mission

VISION

That Laingsburg Municipality will be a desirable place to live, invest and visit, where all people may enjoy a sustainable quality of life by the year 2012



MISSION

To create a people centered and economically viable municipality where all have equal access to i) basic social services, ii) educational and skills enhancement programmes, iii) entrepreneurial and job opportunities as well as, enjoy a: clean, sustainable environment embedded in safety and security, which is governed by a: participative, professional, transparent and accountable administration.
Laingsburg



Mayor's Foreword

Laingsburg is the smallest municipality in the Western Cape as well as in the whole of South Africa. In 2008 Laingsburg Municipality was crowned the best municipality in the Western Cape as well as is in the whole of South Africa.

We are proud to say that being the smallest is not an excuse not to do our best - and that with little resources at hand. The 2007/08 financial year, characterised as a year during which we realised the aforementioned significant achievements, urged us to work even harder to improve service delivery to our people. To reach this we constantly strive to adopt innovative approaches to work within our constraints and limitations to create the best opportunities that will improve the conditions of our people.

During the 2008/9 year key strategies were developed to address service delivery through improved infrastructure and standard of services to the community - especially to the poorest of the poor by delivering on our mandate of the provision of water, sanitation, refuse collection, electricity, etc. We understand the importance of delivering sustainable service delivery to attract investment and to grow our local economy. Therefore we committed to doing our outmost best.

We can report that 637 households in our municipality are indigent and receive 100% free services, which includes free basic electricity, free basic water, free basic sanitation, free basic refuse removal and subsidised property rates.

Through our vision and mission we are a municipality that wishes to do the best for all our people. Our integrated development plan (IDP) expresses the Council's vision for development and guides the Council's decision making. Our IDP is focused on making Laingsburg a developmental municipality. It focuses on Local Economic Development, access to infrastructure, environmental and spatial development, human rights, social development, disaster management, crime prevention, poverty alleviation, job creation and lobbying financial investment.

There is a local slogan that says: "Sometimes we have to work twice as hard for half the reward". This makes us working harder and being awarded the Vuna Award winners for the Western Cape and the whole of South Africa is an achievement all Laingsburg people can be extremely proud of.

Now that we have been rewarded, we have to work even harder to stay the best and achieve our municipal vision - ***A municipality that works!***

Ms. R Meyer
Executive Mayor

Executive Mayor of Laingsburg Local Municipality:

Councillor R. Meyer



Statement by Municipal Manager

The municipal financial year 2008-09 was a period of notice. It was during this period we experienced the start of the effects of a world-wide economic meltdown. For a municipality like Laingsburg this presented additional constraints to an already challenging environment in which we want to deal with the needs of our community.

It was also during this time that the enduring dedication and hard work of municipal officials and councillors, as well as the constructive involvement of our communities, culminated in an award to our municipality – that of the best local municipality in the Western Cape and the whole of South Africa.

As Municipal Manager I am extremely proud to say that our municipality is characterised by good governance practices. Through constructive public participation processes we enhance ownership by the community of their own development. The municipality administration of Laingsburg and its local structures has made the paradigm shift towards developmentally orientated local government, and has made this approach integral to our collective future perspectives.

In striving to realise our hope for a better future we have established a sound practice in our integrated development planning (IDP). For us this is not only a compliance process, but a process through which we collectively prepare our strategic plan (IDP) as the principal strategic instrument that guides all planning, management, investment, development and implementation decisions, taking into account inputs from all stakeholders. Our focus is constantly on improving the living conditions of our people by tapping into their own experiences and input in all our processes. The area-based planning approach is effective and communities respect each other and support development on a priority basis.

As the Municipal Manager, I am proud to affirm that our administration is geared towards participative, professional, transparent and accountable administration to improve service delivery.

The success of Laingsburg municipality is attributed to the contributions and harmonisation between our matured politicians and professional administration which is committed to service delivery and our municipal vision.

Laingsburg is a municipality that work for its people!

P.A Williams
Municipal Manager

***Municipal Manager of Laingsburg Local Municipality:
Mr. PA Williams***



1 Introduction

This document represents the Annual Report for Laingsburg Local Municipality, for the 2008/09 Municipal Financial Year. It is submitted in terms of Section 46 of the Municipal Systems Act and Section 127 of the Municipal Financial Management Act.

The report provides an overview of the municipality's performance across the areas of:

- Governance and intergovernmental relations
- Integrated development planning
- Service delivery
- Institutional development and transformation
- Financial viability
- Economic development
- Monitoring and evaluation

The municipal financial statements for the 2008/09 financial year are also included in this report as per legislative requirement. The Auditor-General's report was not available at the time of drafting this report but will be added as an annexure upon receipt hereof.



2 Overview of the Municipality

Laingsburg Municipality is a Category B Municipality in the Central Karoo District. It is the smallest local municipality in the Western Cape Province and in South Africa. The municipality covers an area of more than 8781,44 square kilometres (Population density about 1 person per square km) and is straddled by the N1 National Road. It is accessible from all the major cities of the Western Cape as well as Northern Cape, Eastern Cape, Free State and Gauteng Provinces, and is also situated on the main railway line.

Laingsburg is divided into five areas. There is an area which is known as the town, two areas known as Göldnerville and Bergsig in Laingsburg. In addition, there is Matjiesfontein a small historical town 27 kilometres from Laingsburg in the Cape Town direction and there is also Vleiland in the Swartberg area. The town is surrounded by farms, which form part of the municipal area as per the Municipal Demarcation Board.

2.1 Administrative overview

2.1.1 Organisational structure

The main structure of Laingsburg Local Municipality consists of the Municipal Manager, and two departments, namely *Corporate Services* and *Community and Technical Services*. The posts for the heads of both departments are currently performed by the Chief Financial Officer and Works Superintendent respectively. The Municipal Manager of Laingsburg Municipality is Mr. PA Williams.

The organisational structure for the municipality is shown below:

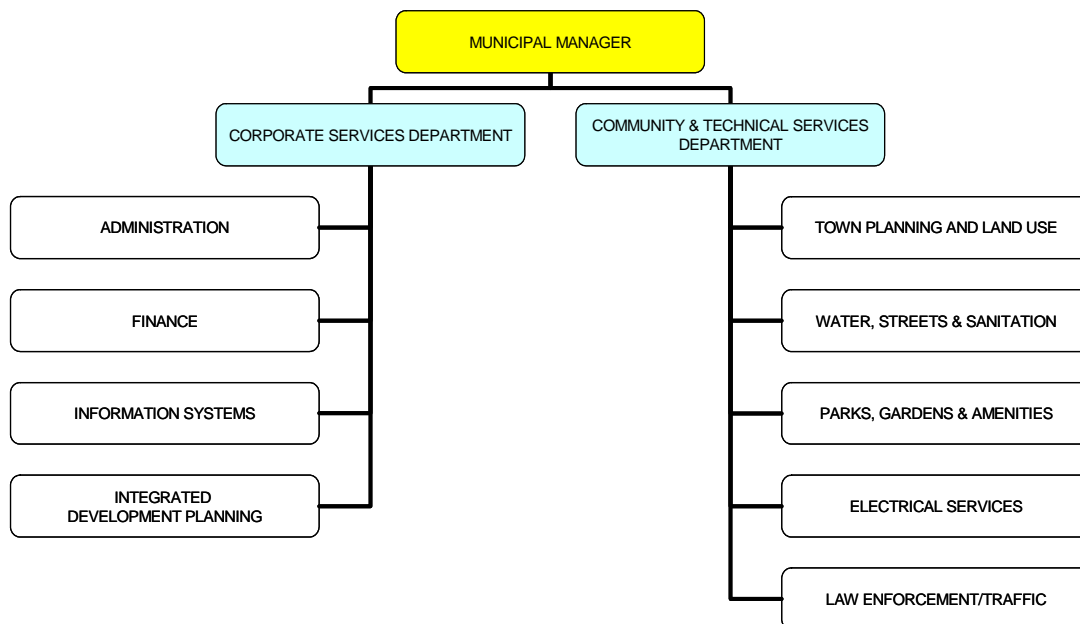


Figure 1 Organisational structure

2.1.2 Corporate Services Department

Ms Alida Groenewald, the Chief Financial Officer, is heading this Department. The Corporate Service Department consists of the following sections:

- Administration, including the HR function and Library
- Finance
- Information Systems
- Integrated Development Planning
- Law Enforcement and Traffic

*Ms. A Groenewald
Accountant/ Head of Corporate Services*



2.1.3 Community and Technical Services Department

Mr N. Klink, the Works Superintendent, is responsible for the functions of this Department. The Department consists of the following sections:

- Town Planning and Land Use
- Water, Streets and Sanitation
- Parks, Gardens and Amenities
- Electricity

2.2 Geographic profile

The Laingsburg Municipality (WC051) is situated along the N1 route in the Western Cape province of South Africa, halfway between Cape Town and Beaufort West on the N1 National road. The municipality consists of the towns of Laingsburg, Matjiesfontein and a large rural area. Passing transport is one of the most important markets for Laingsburg. Laingsburg is considered a geological wonderland. The town's total rainfall is about 50mm per year. The main water supply is the Buffels River. Summers are extremely hot and dry, with temperatures usually exceeding 30°C. Winters are crisp to sometimes very cold, with snow occasionally occurring in the surrounding region.

Laingsburg is the entry point to the Central Karoo District if driving from Cape Town along the N1 to Johannesburg. In terms of proximity to major urban centres, Laingsburg lies:

- 280 km from Cape Town
- 1300 km from Johannesburg
- 199 km from Beaufort West

Laingsburg is characterised by rural agriculture, consisting mainly of sheep farming, but also known for the production of soft fruits, especially in the southern part of the municipal area. The potential for the latter is however adversely affected by poor roads and long distances to major central areas. Good economic growth is prevalent and a growth rate of 4,59% was achieved between 1995 and 2004. This is spread over a variety of sectors, providing many job opportunities. Laingsburg characteristically plays a significant role in the Central Karoo economy, accounting for 10.6% of the District Gross Domestic Product per Region (GDPR).¹

2.3 Demographic profile

According to the Demarcation Board Laingsburg Local Municipality covers the areas Laingsburg, Matjiesfontein, Vleiland, and 250 Farms (e.g. Baviaans, Hillandale, Koringplaas, Koup, Pieter Meintjies, Rouxpos and Seweweekspoort).

The population is mostly urbanised and the area around Laingsburg is depopulated. The population density is approximately 1 person per km² and is also the smallest population in the country. The population of the municipal area is 7330 and has a total of 1959 households located in the municipal area. The biggest part of the population falls within the age group of 15-35 years, many of whom are unemployed.²

The population distribution by race is as per the table below, showing little change between 2001 and 2007.

Table 1: Distribution of population by race

Racial categorisation	African	Coloured	Indian	White
% population (2007)*	1%	84%	.31%	15%
% population (2001)**	2%	83%	0.13%	15%

* Source: Community Survey 2007

**Source: Census 2001

2.3.1 Population projections and growth rates

The population estimates and growth figures for Laingsburg are as per the tables below.

Table 2: Population figures and projections

¹ Laingsburg Local Municipality Integrated Development Plan (IDP), 2007.

² Laingsburg Local Municipality IDP, 2007.



<i>Year</i>	<i>Total population</i>
2001	6808
2006	7330
2010	7720 (projected)

Source: Laingsburg Local Municipality IDP, 2007.

The findings indicate that the population is increasing at a rate of less than 1.5% over a five year period. It is projected that by 2010 the total population will increase to 7720.

Table 3: Population growth rates

<i>Year</i>	<i>Population growth rate</i>
2001-06	1.49%
2006-10	1.30%

Source: Laingsburg Local Municipality IDP, 2007

2.3.2 Demographic trends

The table below provides an indication of demographic trends for the Laingsburg Local Municipality.

The findings indicate that LLM makes up only a small proportion of the total population in the Central Karoo District Municipality (CKDM). In addition, the municipality's population is made up of nearly 60% children and youth and the region has a median age of 27. This clearly has a significant impact on the developmental agenda of the region. Only 7% of LLM's population are aged. In terms of gender the percentages are almost evenly split between male (49%) and female (51%) and are in line with the national figures for gender distribution.

Table 4: Demographic trends in Laingsburg

<i>Demographic Trends in the Laingsburg Region</i>	
<i>Overall Population Percentage trends</i>	
Population size in 2006 as a proportion of district population size	11.72%
Population size in 2007 as a proportion of district population size	11.87%
Population proportion of Central Karoo District	11.90%
Proportion of population who are children or youths in 2007	59.20%
Proportion of population who are aged (65-85 years) in 2007	7.00%
Proportion Male	49%
Proportion Female	51%

Source: Provincial Government of the Western Cape: Treasury, 2007.

2.4 Socio-economic profile

Laingsburg is characterised by low household incomes, high unemployment levels and high levels of illiteracy. Approximately 42% of the population have less than seven years of formal education. Laingsburg holds the 27th place on the Provincial Index of



Multiple Deprivation, indicating a poor population that suffers from poverty and unemployment. This is also manifested in a rapid increase in drug related crimes.³

2.4.1 Dwelling type

In terms of the main dwelling type, the Census 2001 figures show that 95% of households in Laingsburg Local Municipality were brick structures on a separate stand or yard, with many of the remaining households residing in traditional dwellings or flats. The 2001 figures further show that less than 1% of households in the municipality were living in informal dwellings or shacks. The 2007 Community Survey which was undertaken by Statistics South Africa (StatsSA), indicates that the percentage of households living in a house or brick structure on a separate stand or yard has declined to 85,4%. This shift (down from 95% in 2001) is likely to be due to there being 10% of households that are now residing in townhouses/clusters or semi-detached houses, according to the 2007 data. There has been a slight increase in informal dwelling from 0,9% in 2001 to 1,4% in 2007.⁴

In terms of tenure status 61.5% of households own their home, 55.5% of which are fully paid, while 21% are renting their current residence and 17% occupy their residence rent free, according to the Community Survey 2007 data.⁵

2.4.2 Energy sources

Electricity is a type of energy or fuel that is dominantly used in Laingsburg and its use has increased since the 2001 Census. The 2007 Community Survey recorded 85% electricity usage for lighting, 81% for cooking and 61% for heating. Statistics show a decline in the use of wood and candles as sources of energy within the households. This indicates an improved quality of life of citizens of Laingsburg as they move from more traditional energy sources to modern and safe forms of energy. However, more still needs to be done as 36% and 12% of households use wood for heating and cooking respectively. Solar system, as an alternative to other sources of energy, has not yet been fully utilised by the households within the municipality as 2007 Community Survey shows that only 2% of households make use of solar for lighting. This percentage came down by half from the 2001 Census figure. For cooking and heating, solar usage is much low, with 0% of household using the system in 2001 and 0.5% of households in 2007.

2.4.3 Water provision

Laingsburg municipality has significantly improved its provision of piped water inside dwellings. The 2001 data indicates that 60% of households have piped water inside their houses. The 2007 data shows an increase of 14% from the 2001 figure. This increase could be attributed to the 2007 decline in a number of houses with piped water inside their yard and those who accessed water from outside their yards. Interestingly to note is the increased usage of rainwater tank from 0% in 2001 to 3% in 2007.

³ Provincial Government of the Western Cape: Treasury, 2007.

⁴ Statistics South Africa, 2007.

⁵ Statistics South Africa, 2007.



2.4.4 Sanitation

The municipality is doing its best in providing its community members with good and reliable sewerage system and clean community, of which both aspects affect the wellbeing of the citizens. In 2001, Laingsburg LM had 75% of households who used flush toilets. In 2007, there was a significant improvement in the provision of good quality sewerage systems within the municipality, with 91% of households having flush toilets in their homes. Pit latrine with ventilation, which is one other form of toilet facilities that was used by approximately 10% of the Laingsburg population in 2001, its use was reduced to 2% in 2007. Even though the municipality has taken positive strides in ensuring that almost all households have flush toilets, there is still 3% of Laingsburg LM population that does not have toilet facilities of any kind. It should however be noted that this percentage was at 8% in 2001 and the aim of the municipality is to bring it to 0%.

2.4.5 Solid waste

When it comes to refuse disposal, as stated in the SDBIP 2008/09, the LLM is targeting 100% of households for refuse collection, at least once a week. This is an ongoing target. The 2007 Community Survey indicates that 76% of households receive refuse disposal service once a week. The Community Survey also indicates that there are households who use their own means to dispose of their waste. The municipality has managed to reduce this number of households who dispose their own waste from 35% in 2001 to 19% in 2007.

2.4.6 Socio-economic indicators

Section 152 (1) (c) of the Constitution, prescribes to local government *to promote social and economic development*. Section 153 (a) states that *the developmental duty of a municipality is to structure and manage its administration, budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community*. The 1998 White Paper on Local Government states that *it is responsible for taking active steps to ensure that the overall economic and social conditions of the locality are conducive to the creation of employment opportunities*. Laingsburg local municipality embraces this responsibility amidst the difficulties facing the Central Karoo District as a whole.

Laingsburg LM has about 26% of its population which is unemployed. The increase in unemployment was caused by the decline in labour force participation from 67% to 63%, between 2001 and 2007. Among those who have income in LLM, as shown by the 2001 Census, approximately 55% earn less than R2, 400, which is regarded as the minimum income level of a household with a minimum of six people. The causes for the high poverty levels are multifaceted. Two main concerns stand out and these are: (i) lack of employment opportunities; and (ii) insufficient level of self-employment within the region. The main employment sector in the region, agriculture, underwent changes, with a shift in focus from sheep farming to game farming. This led to a 2% reduction in the number of people employed in the sector, most likely due to shift in farming approaches. The LLM has illiterate rate of 42%, which is a great concern.⁶

⁶ Laingsburg Municipal Integrated Development Plan: 2007 – 2012.



2.4.7 Indigent Households

Poverty is one the most significant social challenges facing the LLM. The number of indigent households in LLM increased from 605 in 2005 to 647 in 2008. By the end of the 2008/09 financial year, there were a total of 657 households which were classified as indigent (i.e. earning less than R1100 per month). One hundred percent of indigent households in Laingsburg Municipality had access to free basic services such as water, electricity and sanitation in the 2008/09 financial year. The municipality spent 43% of its equitable share allocation on the provision of free basic services.

2.4.8 Education

The Laingsburg Municipality has one secondary and three primary schools, representing 14,3 per cent of schools in the District. There is one library located in the municipality plus two satellite libraries in Matjiefontein and Vleiland. The school enrolment trend has been declining since 2005 and the decline was more pronounced in 2006, however the enrolment trend increased from 1 053 pupils in 2006 to 1 121 in 2008.⁷ Tertiary education levels are very low within the municipal area, with only 0.5% of Laingsburg population having tertiary education. The high drop out rates at school level contributes greatly to this poor educational level. Another contributor is absence of a technical school or business incubators in the entire district.⁸

2.4.9 Trade and industry

With respect to local industry, Laingsburg LM's main economic activity is split across a number of sectors. The most significant sectors contributing to Gross Domestic Product (GDP) are agriculture/ forestry/fishing sector (24%), wholesale/retail trade/catering and accommodation sector (22%) and transport and communication (21%). These figures, as shown below, are for 2005 and continue to generally reflect the current situation.⁹

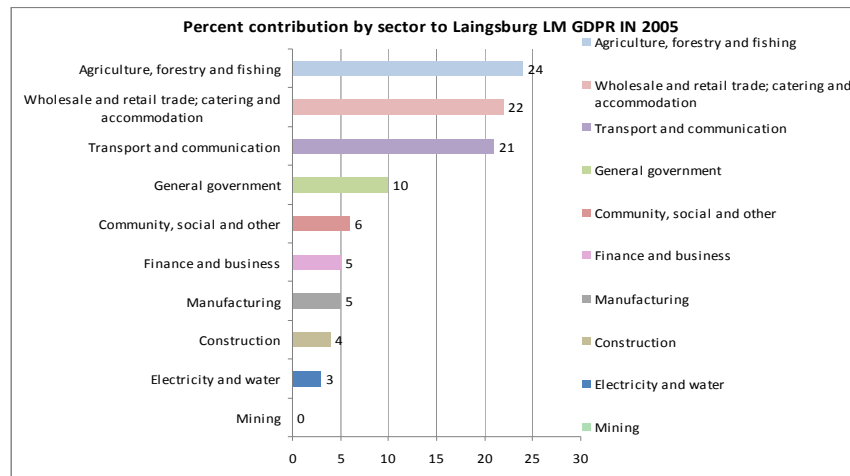


Figure 2: Contribution of sectors to GDP in 2005

⁷ Provincial Government of the Western Cape: Treasury, 2007.

⁸ Laingsburg Municipal Integrated Development Plan: 2007 – 2012.

⁹ Provincial Government of the Western Cape: Treasury, 2007.

2.4.10 Land capacity

Land capacity refers to the extent to which the land in an area is arable and can be used to make an economic agricultural contribution to the region. As shown in the map below, the Central Karoo district has only low potential while some areas have been identified as not suitable for agriculture, illustrating the limitations.

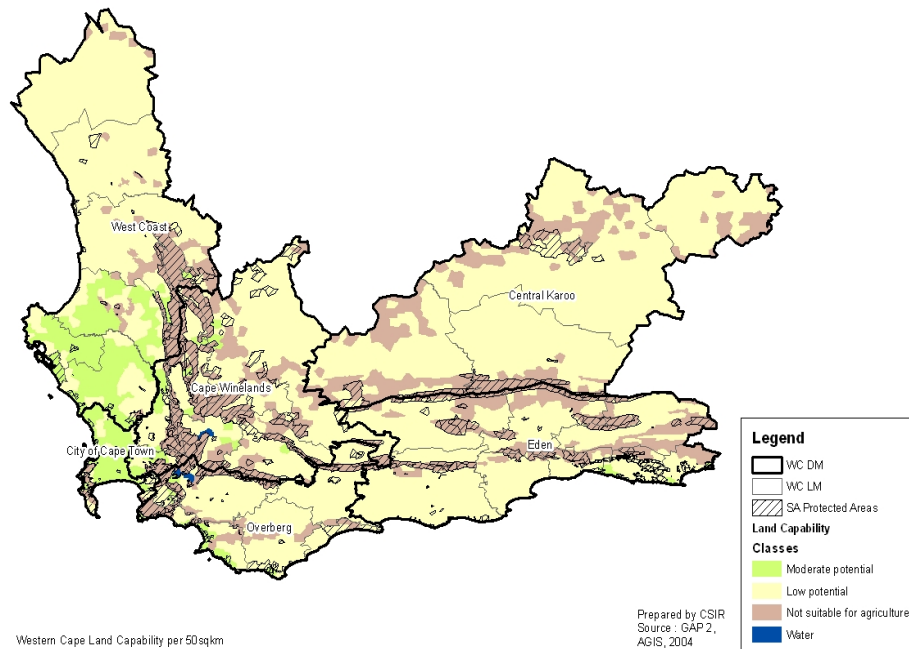


Figure 3 Land capacity (Source: CSIR)

2.5 Performance against national indicators

2.5.1 National Statistics

National Indicators, as set out in the Performance Management Regulations are shown in the table below, which illustrates LLM's performance across the four most recent financial years.

Table 5: Laingsburg's performance against national indicators

INDICATOR	ACHIEVED 2005 / 06	ACHIEVED 2006 / 07	ACHIEVED 2007 / 08	ACHIEVED 2008 / 09
Percentage of households with access to all basic household services.	100%	100%	100%	99%
Percentage of households earning less than R1300 per month with imputed expenditure with access to all free basic services.	100%	100%	100%	100%
Percentage of capital budget spent on	68%	83%	95%	96%

INDICATOR	ACHIEVED 2005 / 06	ACHIEVED 2006 / 07	ACHIEVED 2007 / 08	ACHIEVED 2008 / 09
projects identified in terms of the Integrated Development Plans (IDP'S)				
Number of jobs created through local economic development initiatives supported by the municipality.	No permanent jobs	No permanent jobs	No permanent jobs	No permanent jobs
Percentage achievement of approved employment equity plan within the first three layers of management.	100%	100%	100%	100%
Percentage of skills levy received in rebate as a measure of the municipality's investment in human resource development.	100%	N/A	100%	100%
Financial viability defined as: Debt coverage = (total revenue-conditional grants) / debt service payments	16,3:1	Revenue : R16,144,858 Conditional Grant: R2,015,092	0,98:1	0.84:1
Outstanding debtors to revenue = total outstanding debtors / annual revenue.	10,3:1	Debtors: R1,483,166 Revenue: R16,144,858	14.9:1	0.2:1
(cash inclusive of transfers + investments) / (monthly fixed operating expenditure)	8,5:1	Cash: R10,392,784 Expenses: R20,259,380	<i>Current system not able to generate ratio</i>	<i>Current system not able to generate ratio</i>

As the table above shows, LLM has been able to maintain its service levels and make improvements where possible.

3 Governance and Intergovernmental Relations

This section of the report provides a political and governance overview of the municipality during 2008/09.

3.1 Political overview

The political leadership of Laingsburg is currently made up of three political parties, the African National Congress (ANC), the National Peoples Party (NPP) and the Democratic Alliance (DA). 2008/09 was a year of political stability with no changes taking place in Council. The make-up of Council in 2008/09, was and remains as follows:

Table 6: Council make-up in 2008/09

<i>Position in Council</i>	<i>Party</i>	<i>Incumbent Name</i>
Mayor	ANC	Ms. R. Meyer
Speaker	NPP	Mr. B. Kleinbooi
Deputy Mayor	NPP	Mr. R. McKeet
Councillor	ANC	Mr. M. Gouws
Councillor	DA	Mr. W Du P Theron
Councillor	DA	Mr J De Bruyn

3.2 Performance Management

The framework of the Performance Management System (PMS) of Laingsburg Local Municipality is steered by the priorities and strategic objective of the Integrated Development Plan (IDP). There is a draft Performance Management Framework, but full implementation has yet to take place. The link which has been established between the IDP and the PMF ensures that performance will be measured against the Five Key Performance Areas (KPA's) of local government, namely:

1. Municipal Transformation and Institutional (Capacity) Development
2. Improving Basic Service Delivery and Infrastructure Investment
3. Improve Local Economic Development (LED)
4. Improvement of Financial Viability and Financial Management
5. Strengthening Good Governance and Community Participation

3.2.1 Performance assessment of Section 57 Manager

Laingsburg LM only has one Section 57 Manager, the Municipal Manager. His performance is assessed on an annual basis, against performance indicators aligned to the five KPAs. On the basis of this evaluation (which is undertaken by Council), his annual performance bonus was determined.



3.3 Audit Functions

The performance and financial audit functions are performed by a single audit committee. The Audit Committee was previously not functioning and 2008/09 was a year in which the municipality focused on reactivating the committee, mainly prioritising training of the audit committee. No audit committee meetings took place in 2008/09, only training. The municipality focused on training the committee members dealing with the Annual report, Financial Statements, Audit Report and other significant topics which were not dealt with by the committee in 2007/08. The 2008/09 Financial Year saw the municipality make progress in consolidating the functioning of the Audit Committee with the hope that it will be strengthened in the years ahead. Following on from extensive training in 2008/09 the audit committee met in early July 2009 (new financial year).

With respect to Internal Audit, LLM appointed its own Internal Audit in 2008/09. Prior to this, no Internal Audit functions were performed internally and any investigations were conducted using external auditing firms. In 2008/09 financial year no internal audits took place because the new appointee was employed late in the financial year (1 June 2009).

3.4 Oversight Report of Council

The Oversight Report of Council included only one comment on the Annual Report 2007/08. The comment related to the language in which the report is published and made accessible – this should be in Afrikaans since more than 90% of the community in LLM are Afrikaans speaking. Other than this, Council was satisfied with the report.

The Audit and Performance Committees did not face any problems in 2008/09.

3.5 Intergovernmental Relations

The municipality forms part of the District Communication Forum (DCF) which meets every quarter to report on the five Key Performance Areas. The DCF consist of a co-ordination and a communication side. All DCFs were attended in the 2008/09 financial year.

Laingsburg Municipality is part of the Municipal Managers forum, the Speakers forum and the Mayors forum. LLM works closely with the district with regards to strategic planning such as the IDP, Disaster management, etc.

Identified as a Presidential Node, the district has a Nodal team which includes the local municipalities as well as a Nodal Steering committee which include state departments. They met on a quarterly basis in 2008/09, largely ensuring that there were effective synergies and integration of plans between the municipalities and with province. One of the key discussion points this year was the establishment of an Economic Development Agency. Progress to date includes that they have visited other similar agencies to learn from their experience. Funding has been secured to take the idea further and the public participation process was initiated.

In addition to the DCFs discussed above, the Ministerial Technical Meetings (MTECs) are held with province and quarterly IYM meetings are held.

The provincial department of economic development also held LED road-shows in the district which was useful to engaging communities on issues of economic development.



The provincial department responsible for local government in the Western Cape also facilitated two meetings during 2008/09, to develop a plan for attracting investment and marketing the region of the Central Karoo.

How effective have these meetings been?

From LLM's experience, the various meetings and forums have proven to be valuable for a number of reasons. The intergovernmental forums which Laingsburg form part of had lead to much better communication and co-operation between both the political and administrative spheres. If ever a municipality requires assistance, the various forum members are always willing to meet discuss the matter and developed solutions to address the specific needs of the municipalities.

In terms of capacity, the municipalities in the district are willing to assist in addressing shortages by sharing skills and capacity to support under-staffed municipalities. LLM has benefited support from Beaufort West municipality with respect to electricity provision resources. The municipality has also established a good working relationship with CKDM in terms of roads. A number of shared services arrangements are currently taking place through Service Level Agreements. The Municipal Manager of LLM was responsible for managing the election process of 2009 in Prince Albert municipality and ensured that the IEC processes were appropriately run. These examples demonstrate the commitment which municipalities have to assisting and supporting each other.

The provincial forums are valuable because they allow municipalities the chance to engage with province on key issues, ask questions, and solve problems. These forums have proven to be important mechanisms for supporting municipalities in addressing the needs and constraints of the developmental agenda and ensuring alignment between the spheres.



4 Integrated Development Planning

Integrated Development Planning (IDP) is one of the key tools used by the South African Government to tackle its developmental role. The IDP process is meant to arrive at decisions on key issues such as municipal budgets, land management, promotion of local economic development and institutional transformation in a consultative, systematic and strategic manner. It therefore not only informs municipal management on key issues, but also guides the activities of other spheres of government, corporate service providers, NGO's and the private sector.¹⁰ The IDP therefore sets the agenda for the municipality and it's imperative that all stakeholders and communities in particular are part of this process. Laingsburg local municipality has made the inclusion of communities in the IDP process a priority.

Table 7: IDP Processes Checklist 2008/09

<i>Was the IDP approved by Council and implemented?</i>	<i>Is the approved IDP seen as the single, inclusive and strategic plan for the municipality</i>	<i>Was the IDP prepared within set timeframes. Please specify time frames</i>	<i>Does the IDP include all core components as per MSA</i>	<i>Were community needs prioritised at ward level?</i>	<i>Was the SDF approved (date) prior to IDP approval by Council</i>	<i>Were sectoral plans prepared and included in the IDP ?</i>
Yes	Yes	Yes	Yes	Yes	Yes	Yes

The municipality has followed all the prescribed measures of having an effective and efficient integrated development plan. The municipal IDP includes all the core elements of the Municipal Systems Act. In developing the IDP, the needs of the community were prioritised and sectoral plans were developed and included into the IDP.

4.1 What has Laingsburg done to improve integrated development planning?

4.1.1 Public participation

The municipality sees public participation as a basic need and a democratic right. It is a vital element of good governance. Laingsburg actively seeks to include communities in its decision making. Apart from hosting IDP road-shows and Imbizos, the IDP Representative Forums were active during the financial and met twice to engage specifically on planning in response to the needs of LLM's community. Some of LLM's most significant ventures to improve public participation further are discussed below.

¹⁰ The dplg, 2007.

Area Committees

The municipality is one of only two municipalities in South Africa (the smallest two) which does not have any wards, due to its size. However, the municipality has three Area Committees (ACs) which fulfil the role of typical ward committees and are used for planning and consulting purposes. The ACs represent the most significant public participation vehicle of the municipality as they represent all social groups and are held accountable by the communities which they represent.

The municipality supports ACs by offering an introductory course on how they are supposed to function. Each AC also has an assigned Councillor (who plays the role of Chairperson) and a Community Development Worker (CDW) to assist in ensuring that the AC functions effectively. Each AC holds a meeting at least once a quarter and more if necessary for consulting on priority issues. The AC meetings are held before council meetings to make sure that their issues are tabled. The area committees are also being used by all departments in the municipality as the main consulting structures.

The area committees have functioned well during 2008/09, meeting once a month, with their issues and concerns being raised on Council agendas. This is an important indicator of effectiveness and suggests that these committees are succeeding in having an influence on the decision-making of the municipality.

Community Based Planning Approach

The municipality implemented the Community Based Planning approach in 2007/08 and has continued to successfully implement this as a planning tool in 2008/09. The approach allows the community (all social groups) to identify their needs, specifying not only what they need but proving a motivation for how certain projects will assist in improving their welfare. The municipality responds to this by developing plans which talk directly to the needs of the community and this feeds into the IDP.

IDP survey

The Western Cape Department of Local Government and Housing carried out an IDP survey in the municipality in 2008/09. The aim of the survey was to assess the public's knowledge and awareness of IDP processes in the municipality. The survey results are yet to be released.

Media

A number of media events took place during the year, including the following:

- Crime Prevention Concert
- Karoo Marathon
- Mayoral Golf Day
- Miss Laingsburg competition
- Municipal Newsletter was launched. This is a monthly newsletter that is sent to all households and it freely available in public areas.
- Writing competition was held for learners.



Imbizo's

Two Imbizos were held during the year, as vehicles for engaging with communities and promoting public participation.

Complaints Management System

A well managed complaints system was developed to assist residents in communicating their concerns to the municipality. A complaint desk is in place and comment/complaints boxes have been placed at the municipal offices and other public areas in the municipal area. An 8 hour complaint reaction system is in place to act on all complaints in good time. The municipality strives to implement Batho Pele principles in its day-to-day delivery of services.

Functional Committees

The LLM has a number of committees which are in place and work towards improving the functioning of the municipality. The functional committees which are currently in place are:

- Area Committees
- Performance Management Committee
- Social Transformation Structure
- IDP Representation Forum
- Youth Council
- Thusong Management Committee
- Tourism Committee
- Audit Committee
- Disaster Management Committee
- Crime Prevention Structure
- Tourism Forum
- Health Committee
- MSAC Committee
- Anti-drug group

Other community up-liftment initiatives

LLM faces a number of social challenges, which are linked to poor access to education, concerns around health care, unemployment and crime. In addressing some of these challenges the municipality has undertaken to invest in a number of programmes, such as Youth Programmes in Laingsburg, Matjiesfontein and Vleiland. The municipality revived the Computer School to develop the community's skills.

The municipality continues to provide Drivers Learners Testing and is looking into providing Drivers License Testing to empower the community. The municipality is starting an Emergency Medical Training in the Farming Area and Matjiesfontein to provide emergency assistance until help arrives. The municipality began a Fire fighting



Training for the youth to empower them and at the same time address the problem of fire fighting in the town.

These initiatives seek to respond to a number of social, economic and environmental needs and the municipality hopes to expand its support to communities in future.



5 Service delivery

Service delivery is a priority for the municipality, as it seeks to provide communities with a range of services which are affordable and address basic needs. The municipality has had to rely on service sharing in some areas due to internal capacity shortages. This section of the report provides a more detailed picture of service delivery in LLM during 2008/09.

5.1 Service provided in 2008/09

Laingsburg Local Municipality is responsible for providing the following services:

- Electricity delivery
- Water for household use
- Sewerage and sanitation
- Storm water systems
- Refuse removal
- Fire fighting services
- Municipal health services
- Decisions around land use
- Local roads
- Local public transport
- Traffic services
- Street trading
- Abattoirs and fresh food markets
- Parks and recreational areas
- Libraries and other community facilities
- Local tourism

Due its location, limited budget and size the municipality has not been able to afford or attract a full set of skills required across these services. Where capacity shortages have been experienced, the municipality has sub-contracted to local service providers where possible or utilised a shared service approach with municipalities in the region. These mechanisms have ensured to some degree that capacity constraints within the municipality have not hampered service delivery.

5.2 Backlogs

With respect to service delivery, all households in the municipality receive basic services and the only backlog which Laingsburg faces is with respect to housing.



5.3 Capital expenditure for each service

In the 2008/09 the municipality spent 86% of its capital budget. The under-expenditure is due to the lack of spending on housing during this financial year.

Table 8: % split of capital expenditure per service

<i>Financial Year</i>	<i>Housing</i>	<i>Water</i>	<i>Sanitation</i>	<i>Refuse Removal</i>	<i>Electricity</i>	<i>Streets & Storm Water</i>	<i>Community facilities</i>
2006/07	61.8	4.4	0	0.8	0.4	10.7	6.7
2007/08	42.3	15.3	5.2	0	7	11	1.5
2008/09	0	25	2	2	0	25	26

5.4 MIG expenditure

The Municipal Infrastructure Grant (MIG) is the main source of income for the municipality in terms of capital income. LLM's total MIG allocations for 2006/07 and 2007/08, 2008/09 were spent. The table below provides an indication of the figures:

Table 9: MIG expenditure

<i>Financial year</i>	<i>Available funding</i>	<i>Amount spent</i>	<i>% spent</i>
2008/09	2 665 669	2 665 669	100%

5.5 Housing

There was no expenditure on housing due to infrastructure projects which had not commenced during the year.

5.6 Provision of Free Basic Services

LLM provided a combination of free basic services to both indigent and non-indigent households during the financial year. The table below provides an indication of the number of households served and the unit and rand value of the service provided.

Table 10: Free Basic Service provision

<i>Service</i>	<i>Indigent households</i>			<i>Non- Indigent households</i>			<i>Households in Eskom areas</i>		
	<i>Number of hhs</i>	<i>Unit per hh</i>	<i>Rand Value/hh</i>	<i>Number of hhs</i>	<i>Unit per hh</i>	<i>Rand Value/hh</i>	<i>Number of hhs</i>	<i>Unit per hh</i>	<i>Rand Value</i>
Electricity	636	50 kWh	20	1325	0	0	300	50	20
Water	636	6 l	53	1325	6kl	53			
Sanitation	636	N/A	70	1325	N/A	70			
Refuse removal	363	N/A	49	1325	N/A	49			



5.7 Spending priorities

The municipality's spending priority in the financial year was water, with 100% of MIG resources being spent on water services projects.

5.8 Performance across each service during 2008/09

5.8.1 Water Services

The following key water projects are highlights for 2008/09:

- Rehabilitation of water sources was completed,
- in addition, LLM completed phase one of the Matjiesfontein water reticulation,
- and the rehabilitation of the Soutkloof pipeline was also completed during.

5.8.2 Electricity

Energy Saving Plan

Laingsburg municipality has an energy saving plan in place in order to promote the efficient and wise use of electricity. To this end, the municipality has undertaken the following activities in order to reduce energy consumption:

- All high mass lights have been switched off
- 50% of street lights have been switched off
- LLM has implemented an energy saving campaign within the community to save at least 10% of energy during South Africa's Energy Crisis.

As a result of these initiatives, the municipality continues to see energy saving and LLM hopes to continue its energy saving activities and make an even bigger contribution of energy saving in future.

5.8.3 Refuse removal/Solid waste

The municipality started with the review of the Integrated Waste Management Plan in 2008. Even though the municipality has limited capacity, a decision was taken that it will be done internally, rather than through a Consultant to ensure that it is implementable.

Recycling Project

The recycling of solid waste is a priority for the municipality and LLM is proud to have initiated a recycling project in 2007/08 and continued in 2008/09 to make good progress with respect to education of communities, schools and households around waste management and in terms of recycling rates. Unlike previous years



where the recycling project was outsourced, the municipality has in 2008/09 begun to operate this initiative internally. The methodology used was to provide households with two types of waste collection bags, a white one for recyclables and a black one for non-recyclables. The recycling site was open to the public for sorting and the municipality initiated a buy-back scheme in order to support income generating opportunities from the landfill with the recycling project on the premises. The municipality then sells the recyclables to firms that recycle these products.

The project has been very successful and as a result the achievements include:

- More than 40% Recycling of Household Waste;
- Re-use of building rubble;
- All households are recycling and most of them see it as an opportunity to generate income.
- Composting site established, using green waste that was collected in the community garden in Matjiesfontein and for other greening projects in the town.

Cleaning project

The municipality has a Cleaning Project and it provides over 200 temporary job opportunities to keep the town clean especially public areas, parks, cemeteries, rivers and municipal storm water drainage as a mitigation method for flooding because Laingsburg is High Flooding Zone.

The programmes and projects were a success because the community was directly involved in making Laingsburg a safe and clean town.

5.8.4 Environmental Management

Environmental Management is very important for the municipality and the community. The municipality considered environmental management in all Sector Plans of the municipality. These include:

- Spatial Development Plan
- Water Services Plan
- Disaster Management Plan
- Integrated Waste Management Plan
- Housing Plans

The municipality, in co-operation with Central Karoo District Municipality drafted a Region-wide Environmental Management Strategy to speak to environmental issues.

The municipality is situated in the Central Karoo Region and is very unique and the Laingsburg municipal area is rich in Heritage Sites which has to be managed. The municipality in co-operation with the Tourism Centre is looking after the natural resources and heritage sites.

The municipality fulfills its mandate in delivering basic services but rehabilitation of water networks and dams are of great importance to ensure the sustainability of resources and equipments.

Greening Projects

The municipality implemented the following Greening Projects:

- Striking Garden Competition



- Tree Planting Days
- Greening Projects
- Karoo Garden
- Community Gardens
- Cleaning Projects

Environmental Education

The municipality in co-operation with the Tourism Centre Management continued with its school environmental awareness programmes to educate school learners about the environment and why conservation thereof is important, the unique environmental context of Laingsburg and its historic and cultural heritage.



5.8.5 Roads

R752 000 was spent on Bergsig Streets and a storm water project was funded through MIG in this year. The municipality is currently developing its Storm water master plan.

5.8.6 Housing

The municipality's housing plan was developed as part of its strategy to increase the quality and quantity of housing delivery. No new housing was provided during 2008/09.

6 Institutional development and transformation

Laingsburg municipality has a relatively small staff base and has sought to utilise existing capacity as efficiently as possible, while drawing skills from other sources such as local contractors, when needed.

6.1 Organogram

The Organogram of Laingsburg Municipality is depicted below. The Municipal Manager is the only Section 57 appointee currently in place.

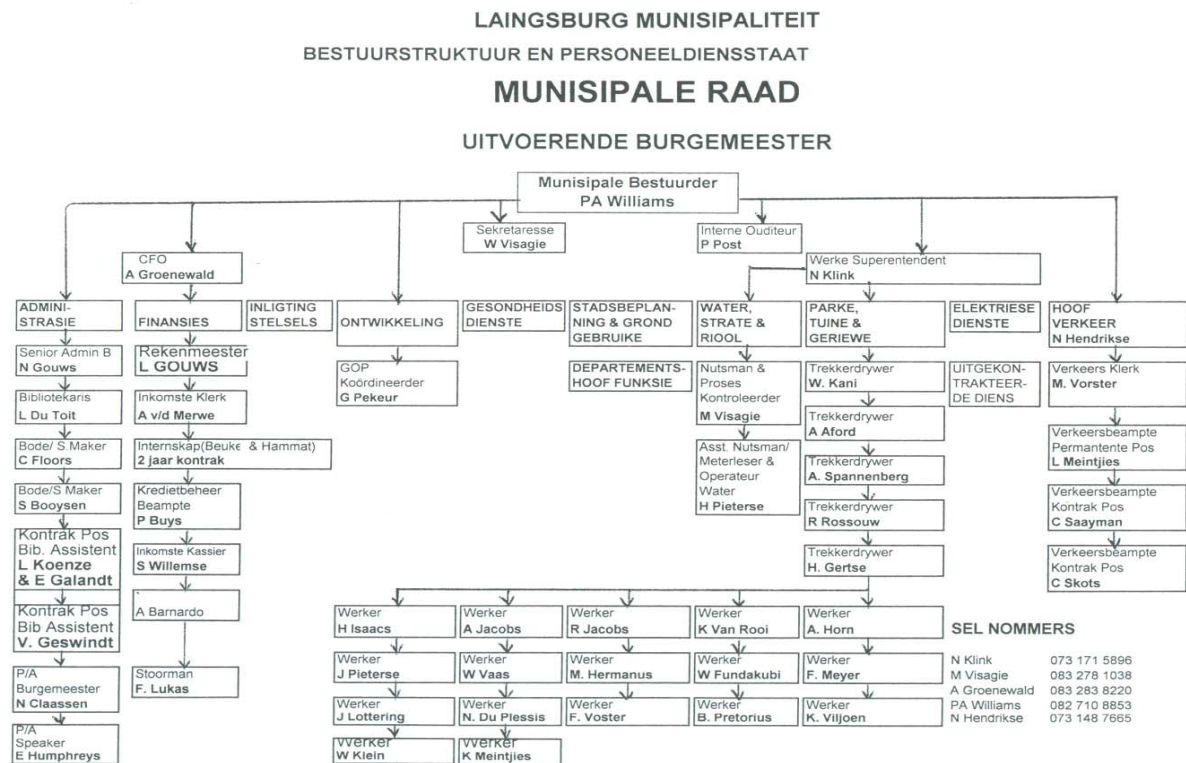


Figure 4: Laingsburg Municipality organogram

6.2 Approved posts

Table 11: Approved posts – all levels

Approved posts				TOTAL
MM & MSA section 57	Middle management	Admin Officers	General Workers	
1	6	13	29	49
2%	12%	27%	59%	100%

As was noted in the introduction of this section, the Municipal Manager is the only S57 manager in the municipality. There are no senior managers in the municipality, meaning that the thrust of the work is done by middle managers. The administration officers and general workers make up 86% of municipal's workforce.

6.2.1 New appointments

During 2008/09 the municipality appointed two Finance Interns and filled the Internal Auditor post. Other posts filled include one library assistant and the addition of four general workers in the technical services department.

6.3 Employment Equity

The rate and the level at which the municipality has transformed differ significantly between race and gender variables, with transformation from a gender perspective being on track.

Table 12 Transformation statistics Senior and Middle Management

Municipal Manager and MSA section 57 level								Middle Management / Supervisory level								TOTAL
AF	AM	CF	CM	IF	IM	WF	WM	AF	AM	CF	CM	IF	IM	WF	WM	
			1							3	2			1		7
0%	0%	0%	14%	0%	0%	0%	0%	0%	0%	43%	29%	0%	0%	14%	0%	100%

The one senior manager employed by the municipality is the Municipal Manager. There are six staff members that are at middle management or supervisory level. It is encouraging to see that out of the seven management staff, four are women.

Table 13: Transformation statistics: All staff

All levels								Total	Male	Female
AF	AM	CF	CM	IF	IM	WF	WM			
1	0	12	32	0	0	3	1	49	67%	33%
2%	0%	24%	65%	0%	0%	6%	2%	100%		

Gender and race transformation is taking place at different levels and pace in the municipality. The municipality has a 33% of its workforce as women. This is not a bad average, given the size of the municipality. It is however understood that the municipal workforce will be dominated by the Coloured race as coloureds make up 83% of the population in Laingsburg.

Table 14: Transformation statistics at administration & general worker level



Administrative level								
AF	AM	CF	CM	IF	IM	WF	WM	Total
		6	4	0	0	3	0	13
0%	0%	46%	31%	0%	0%	23%	0%	100%
General Worker level								
AF	AM	CF	CM	IF	IM	WF	WM	
1	0	3	24	0	0	0	1	29
3%	0%	10%	83%	0%	0%	0%	3%	100%

When comparing work categories according to gender profile of the municipality, women occupy more jobs in the administrative officer level. Men on the other hand are more in the general worker level, which an average of 87% compared to that of women which is 13%.

6.3.1 Demographic comparison

Table 15: Demographic information of LLM compared to municipality workforce

	Total Population	African	Coloured	Indian	White
Total population (%)	7330	2%	83%	0.13%	15%
Total municipal posts (employed)	49	1	44	0	4
%	1%	2%	90%	0%	8%

The total population of the municipality is 7330, of which the municipality employs 49 people. As mentioned above, the Coloured race is dominating the population, followed by White, then African and Indian, which are both very small in percentage terms with 2% and 0.13% respectively.

6.3.2 Section 57 managers and selected positions

Table 16: Section 57 management

Position	# Filled	Employment contracts in place	Performance agreements in place
Municipal Manager	1	Yes	Yes

The Municipal Manager is the only S57 manager employed by the municipality. He has signed employment contract and performance agreement.

6.4 Status of human resource plans

While all the appropriate plans and policies were in place, the municipality had varied progress in terms of implementation.

Table 17: Status of human resources plans

<i>Policy/ Plan</i>	<i>Developed and implemented</i>	<i>Percentage of budget spend on skills development plan</i>
Recruitment and selection	Yes	1%
Performance management	Developed Plan but still to be implemented	
Skills development plan	Yes	
Employment equity plan	In progress	
HRD and HRM policies	Yes	

6.5 Skills development

In terms of skills development, LLM implemented its approved Workplace Skills Development Plan for 2008/09 and received a rebate from Service Sector Education and Training Authority (SETA).

7 Financial Viability

This section of the Annual Report covers aspects related to financial viability and management for the 2008/09 municipal financial year.

7.1 Introduction

Laingsburg local municipality has a solid record of financial management. In 2008/09 it sought to improve its financial viability by embarking on a campaign to increase its revenue/rates collection record, continue to implement a credit control and debt collection policy and uphold a 30 day return on debt. The municipality also had no external loans or debts in the financial year.

Despite these achievements, LLM does face significant challenges in terms of financial viability, including the following:

- It has a small revenue base
- Households are heavily reliant on grants
- More than 70% of households earn less than the minimum income levels
- Drought and financial constraints facing farmers impacts the municipality
- LLM lacks own funding to implement the IDP and some capital projects
- Capacity shortages and lack of resources to attract certain skills

7.2 Performance against budget: Revenue

LLM's performance against budget is shown in the graph below.

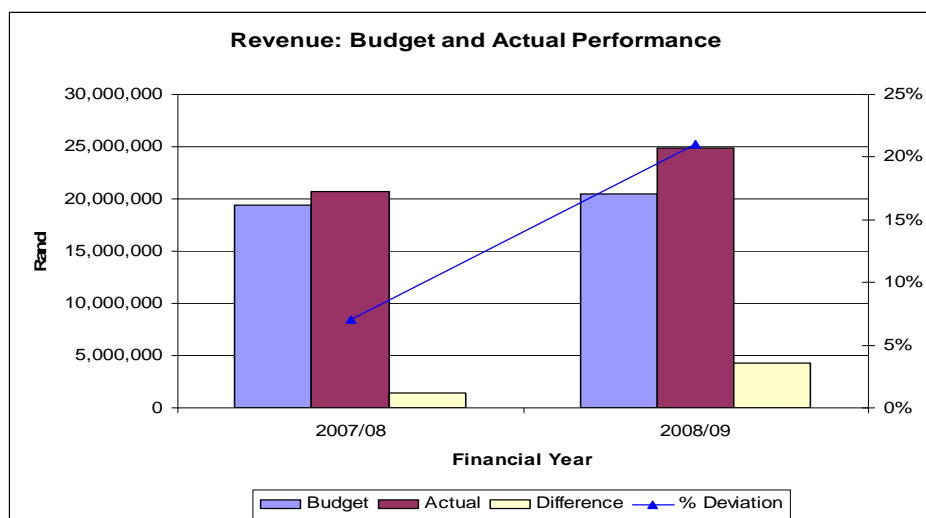


Figure 5 Budget versus actual performance

The figures indicate that the municipality generated more revenue than it budgeted for in 2008/09. Actual revenue is significantly higher compared to the previous financial year, as shown in the graph.

7.3 Operating expenditure

LLMs operating budget and expenditure trends for the last two financial years are shown below.

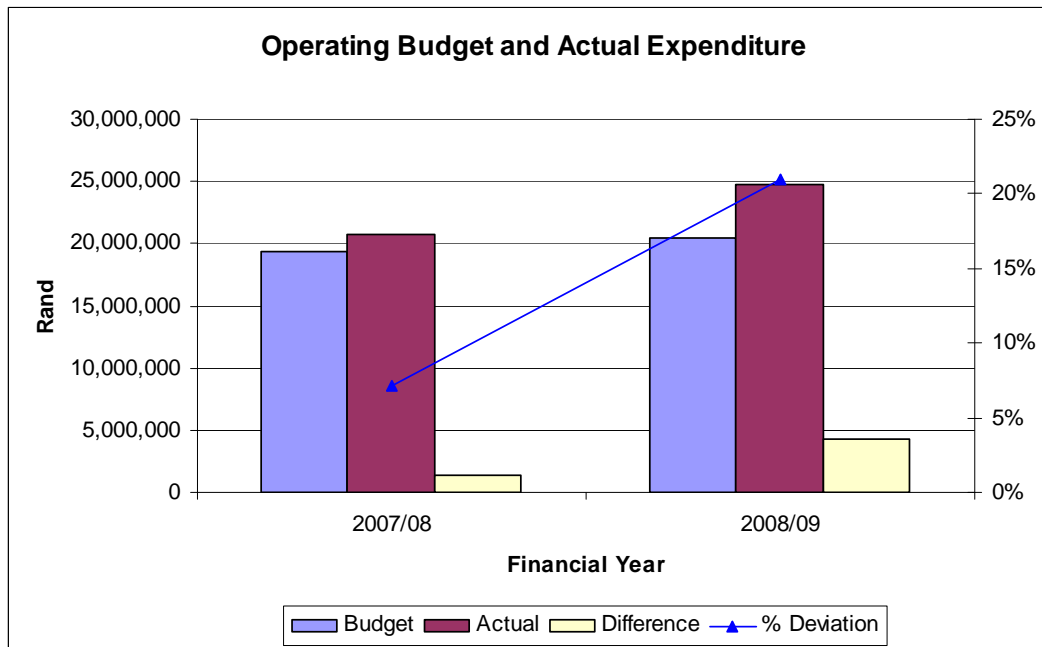


Figure 6 Operating budget and actual expenditure

The municipality's operating budget increased slightly between 2007/08 and 2008/09, however spending was significantly higher in the latter financial year. In terms of the 2008/09 performance, the municipality's operating expenditure was 21% above budget.

7.4 Gross outstanding consumer debtors per service

The municipality experienced an increase in outstanding consumer debt between 2007/08 and 2008/09 across all sectors.

Table 18: Gross outstanding consumer debtors per service

<i>Financial Year</i>	<i>Rates</i>	<i>Trading and Economic services</i>	<i>Housing rentals</i>	<i>Other</i>	<i>Total</i>
	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>
2007/08	896 402	201 636	60 214	0	1 299 990

<i>Financial Year</i>	<i>Rates</i>	<i>Trading and Economic services</i>	<i>Housing rentals</i>	<i>Other</i>	<i>Total</i>
	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>
2008/09	1 124 169	510 586.78 for both trading and economic services	67 772	0	1 702 527
Difference	227 767	167 212.78 both trading and economic services	7 558	0	
% growth year on year	25.4	48.7	12.6	0	

7.5 Total cost of staff as percentage of operating expenditure

Staff costs in relation to the operating expenditure are shown in the graph below.

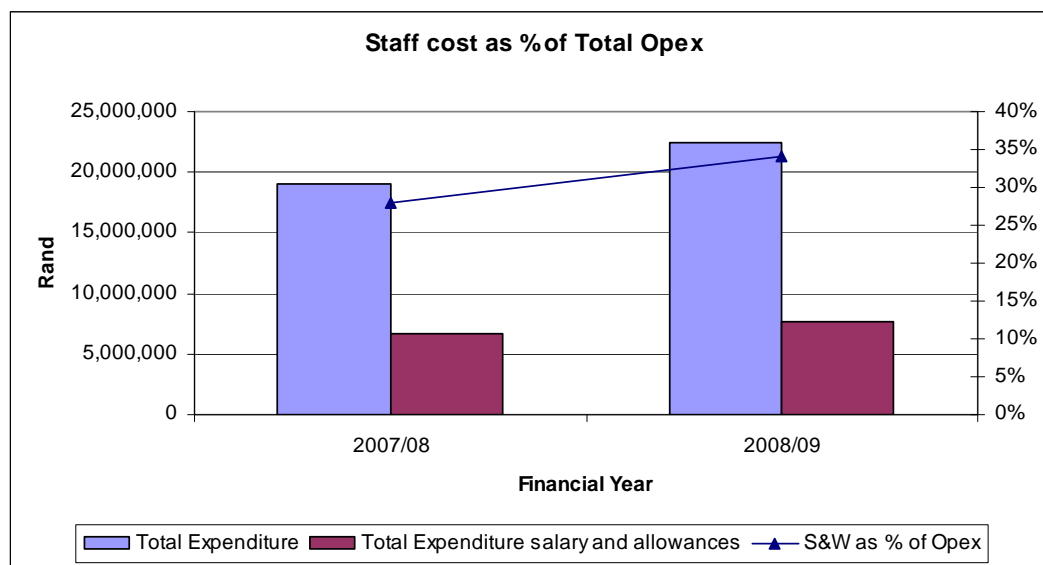


Figure 7 Staff costs as % of opex

As illustrated the municipality's spending on staff as a proportion of the operating expenditure increased from 28% in 2007/08 to 34% in 2008/09. This is shaped by the new placements made in the 2008/09 financial year. Ideally the municipality should be aiming to keep the percentage of salaries and wages at around 25%, suggesting that there is room for improving its expenditure patterns in the year ahead.

7.6 Level of reliance on grants and subsidies

The municipality's low revenue base makes it somewhat dependent on grants and subsidies. A total of 44% of LLM's operating revenue in 2008/09 came from grants and subsidy transfers received, increasing considerably from 34% in the previous year.

These figures are reasonable in light of the contextual factors facing the municipality and its status as a Category B3 local municipality.¹¹

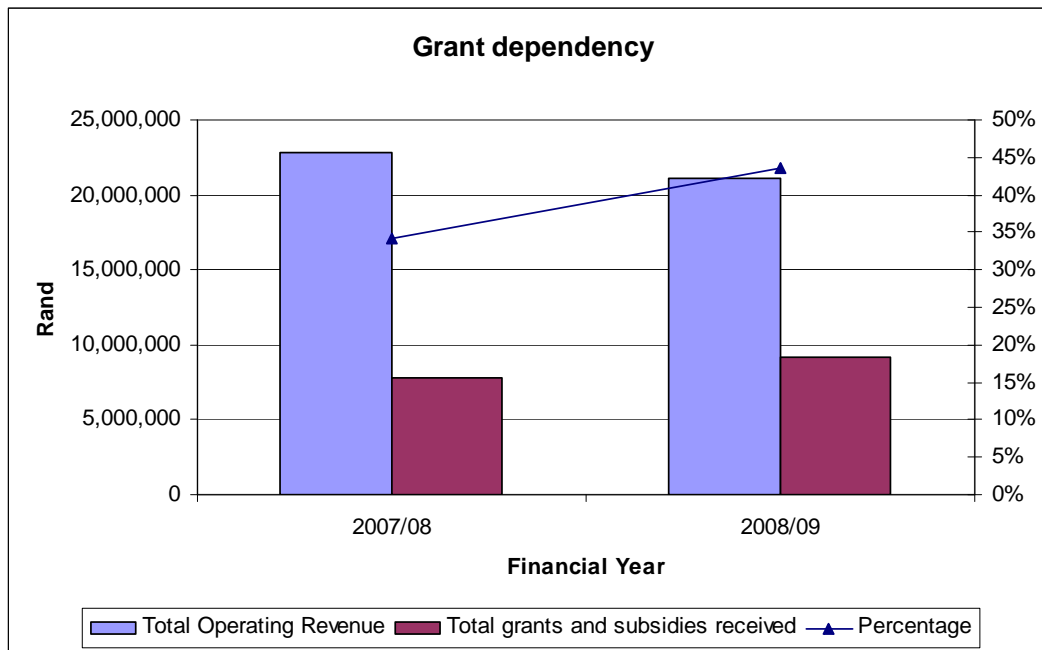


Figure 8 Grant dependency

7.7 Level of reliance on external funding

Laingsburg had no external loans or debt in the 2008/09 financial year.

7.8 Liquidity ratio

LLM's performance in terms of liquidity ratio is shown in the table below.

Table 19: Liquidity ratio

<i>Financial year</i>	<i>Net current assets (R'000)</i>	<i>Net current liabilities (R'000)</i>	<i>Ratio</i>
2005/2006	13 478 180	3 401 507	3.96:1
2006/2007	15 045 860	3 482 744	4.32:1
2007/2008	16 161 766	3 221 482	5.01:1
2008/2009	15 694 116	5 033 378	3.12:1

In terms of medium term historical performance, the municipality's liquidity ratio increased between 2005/06 and 2007/08, putting it in a good position with respect to

¹¹ A set of municipal sub-categories were developed for the Municipal Infrastructure Investment Framework and the Municipal Fiscal Framework (MFF) projects, and are intended to reflect the variations in settlement type and institutional form between municipalities. A B3 municipality is typically a small town with a rural population.

its ability to meet short term financial commitments. This performance is attributed to an increase in assets and a reduction in liabilities over the period. However, the results for the most recent financial year, 2008/09 are less positive. The results show that municipality's ratio of assets to liabilities is decreasing, suggesting that this is an area of financial performance which needs to be closely monitored.

7.9 Financial policies

The table below provides an indication of the financial policies in place during 2008/09 as well as the progress which the municipality has made in implementing these.

Table 20: Financial policies

<i>Policy</i>	<i>Approved by Council</i>	<i>Implemented</i>	<i>Promulgated in By-Law</i>
Tariff policy	Yes	Yes	No
Credit control policy	Yes	Yes	No
Indigent policy	Yes	Yes	No
SCM policy	Yes	Partially	No
Valuation policy	Yes	Yes	No
Investment policy	Yes	Yes	No
Asset management policy	Yes	Yes	No
Financial management policy	Yes	Yes	No

7.10 Financial Statement 2008/09

The Financial Statements for the 2008/09 Municipal Financial Year are attached as Annexure A.

7.11 Auditor General's Report

Laingsburg Local Municipality's Audit Opinion in 2008/09 has not yet been made available by the Auditor General at the time of drafting this report.

The Auditor General's Report for the 2008/09 Municipal Financial Year is attached to this document as **Annexure B ** to be attached once provided by OAG****

7.12 Functional Service Delivery Reporting

The Functional Service Delivery Reporting figures for the 2008/09 Municipal Financial Year are attached to this document as Annexure C.



8 Economic Development

Laingsburg Local Municipality's economic development approach was guided by its Local Economic Development (LED) Strategy. The municipality aims to promote LED through a host of locally driven initiatives as well as through infrastructure development.

8.1 Economic development initiatives in 2008/09

The municipal mandate as per legislation is to promote an environment which enables local economic development. LLM has undertaken to fulfill this mandate by carrying out the following economic initiatives in 2008/09:

Preferential Procurement

The Municipality is committed to procurement, and implemented its IDP Approach to Preferential procurement through supply chain management and awarded all contracts to BEE Local Contractors & SMME's to empower local and emerging business.

The Municipality contributed R180 000 to the Tourism Centre for:

- Tourism Promotion and marketing
- Tourism Awareness Programmes
- Operational Costs

The following skills development projects were undertaken:

- Reviving the Computer School
- Youth Development Programmes
- Leadership & Life Skills Programmes
- ABET Classes
- Level 3 Medical Training
- HIV /AIDS Training
- How to Start A Business Training
- Bath Salt Manufacturing Training
- Tile Decorating Training
- Tourism Training
- International Computer Training
- Kannidood project: skills project with youngsters doing glass and other craft work



Early Childhood Development

In order to promote early childhood development, LLM contributed towards setting up the following initiatives:

- Care Bears in Matjiesfontein
- Moemfies for Infants
- Donald Duck preprimary school

Other Projects

- Municipal Learners Examinations: LLM has responded to community needs by enabling the community to write their Learners Exam in the town.
- The municipality is part of Partnership in Development with the RED Door
- The feasibility of a Economic Development Agency was assessed and visits to similar agencies in other provinces was undertaken in order to learn and share ideas.
- The Karoo Marathon is a major event on the tourism calendar of LLM and once again it was successfully held in 2008/09.

8.2 Poverty alleviation

Poverty is one of the most significant social challenges facing Laingsburg. In addition to providing Free Basic Services to poor households, the municipality actively seeks to address poverty through various poverty alleviation initiatives.

Some of the most important projects which LLM was involved in initiating and supporting in 2008/09 include the following:

Arts & Craft Projects

- Beading Project
- Mini Leather Project
- Wool Project
- Clothing Project

Training was also provided in all of the above mentioned as well as to develop a unique project for Laingsburg. 80% of women and 90% youth are involved and the projects accommodated 60% of HIV/AIDS effected and infected people.

Greening Project

The municipality has a clean-up project in Laingsburg and Matjiesfontein to provide temporary employment on a rotation basis to provide food on the table for the poorest of the poor. The project provided over 200 employment opportunities to the communities.

Soup Kitchens

3 Soup kitchens were and are still are operating in Matjiesfontein, Bergsig and Goidnerville to provide food to the poorest of the poor as well as for children during school holidays.

Food Garden

The community garden was extended with 1 ha and was managed by 10 Women and 2 men from the community. The garden was a great success and provided vegetables to the poor. The rest was sold at the municipal offices to ensure the garden is sustainable.



Mayoral garden

The Mayoral Garden was established at the Tourism Centre to support and uplift the community. In 2008/09, 30 people were involved in planting and growing fruit and vegetables to be sold to generate income.

Matjiesfontein vegetable garden

This project employs around 10 people. The municipality provides seed, water, training and the vegetables are farmed for subsistence, with some sold to the public, at the municipal offices, with the funds used to sustain the project.

Mayoral Golf Day in support of Bursary Scheme

The municipality held a Mayoral Golf Day, the Cape Karoo Classic as a fundraising project to raise funds for the bursary scheme, the main aim of which is to provide bursaries for matriculates and students from disadvantaged communities. The bursary aims to motivate scholars to specialize in scarce skills so that they can be brought into the Laingsburg Economy. This would then reduce the need for skills to be sourced from outside of the LLM.



Raising awareness about poverty alleviation benefits to communities:

- Laingsburg Municipality conducts door to door visits to inform the community on how they benefit from it and can apply for it.
- On a number of occasions the municipality implemented a system of Mobile Applications in Matjiesfontein, in order to assist residents who were unable to access the municipality directly.

8.3 Job facilitation

LLM sees job creation as an opportunity to lift the community out of poverty. The Expanded Public Works Programme is one the chief vehicles which LLM uses for creating jobs.

The Municipality's objectives were targeted at SMME's & Entrepreneurial Development and the following Projects & Programmes were implemented:

- Monthly Street Carnivals & Street Markets
- Out Contracting of Recycling Project
- Needle Work Projects in Laingsburg & Matjiesfontein
- Coffin Making Project
- Brick Making Project

The following table shows the number of jobs created through each initiative:

Table 21: Jobs created

<i>Project</i>	<i>Number of jobs</i>
Working for water	64
Cleaning Project	250
Brick Making Project	40
Coffin Making Project	24
Needlework Project	24
Casual Labours, to assist Municipal Workers	30
Matjiesfontein Lighting Project	48
Matjiesfontein Pipeline	93
Southkloof Pipeline	10
Expansion of Municipal Building	15
Vehicle testing court	15
<i>Total</i>	<i>613</i>

Overall 613 Job Opportunities were provided. The municipality relies on a database with all unemployed individuals' data, for job creation purposes. The municipality works strictly from the database to accommodate everyone fairly.

9 Monitoring and evaluation

While there is no single M&E system, LLM makes use of a host of mechanisms to assess towards achieving targets, for example through the use of the SDBIP.

Additional mechanisms for monitoring are the use of public surveys to assess needs and monitoring satisfaction with service delivery. Internal reporting such as reports to Council and Management reports are other ways that the municipality monitors performance on an on-going basis. In addition, LLM hosts a number of public participation events throughout the financial year.

Council meetings are also open to the public and in 2008/09, all the 10 Council meetings were open. The municipality also engages with stakeholder organisations, regularly communicating on issues relevant to communities.

The table below provides an indication of the municipality's performance in terms of public participation and engagement with stakeholders, showing that 100% of recognised stakeholder organisations were involved in public participation processes.

Table 22: Performance indicators – public participation

Indicator	Unit	Result for 2008/09
Was there a community communication strategy in place in FY 2008/09?	Y/N	Yes
Did your municipality conduct a citizen satisfaction survey in FY 2008/09?	Y/N	Only through the Mayoral Week
Did your municipality have a functional complaint management system in FY 2008/09?	Y/N	Yes
Number of individual participants in public participation forums for FY 2008/09?	Number	1350
Were citizens communicated with in their first language?	Y/N/Only when practical	Yes
Number of recognised stakeholder organisations in FY 2008/09?	Number	37
Number of recognised stakeholder organisations that were involved in participation structures in FY 2008/09?	Number	37

9.1 Annual Performance Report – the SDBIP

Laingsburg Municipality implemented its Service Delivery and Budget Implementation Plan (SDBIP), which was used as a system for monitoring progress towards achieving targets set at the start of the financial year. The SDBIP for 2008/09 represents a reflection of performance of the municipality and is aligned to the IDP and budget. The SDBIP is attached in Annexure D: Annual Performance Report.



10 Conclusion

The 2008/09 Municipal Financial Year represented an opportunity for Laingsburg Municipality to consolidate its performance in certain areas, as well as make improvements where necessary. The municipality is proud of its achievements with respect to public participation and has demonstrated that it is possible to implement planning approaches which are inclusive and respond to the needs of the community. These communities have benefited from the stable and effective political leadership and the commitment shown by the management and administrative branches of the municipality. LLM has not let the fact that it is a small municipality deter it from achieving positive results. The year saw the municipality delivering basic services to all households, filling key posts and implementing service sharing strategies to ensure that it fulfils its objectives of providing quality services to all. In addition the municipality has continued to work well with communities and stakeholders to address the challenges around poverty, unemployment and education.

For LLM, 2008/09 was another year of making progress and learning as an organisation and as a community. It is only through the continued efforts of all in LLM that the achievements highlighted in this report were possible. Looking into the next financial year, the municipality remains committed to building a better life for all its residents, practicing the principles of good governance and turning its plans into actions.



References

Laingsburg Local Municipality, 2007. "Integrated Development Plan 2007 – 2012".

Provincial Government of the Western Cape, Treasury, 2007. "Socio Economic Profile of the Central Karoo District 2007", *Chapter 2: Laingsburg Local Municipality*.

Statistics South Africa, 2007. "Community Survey 2007: Municipal data on household services", *Report No. 03-01-21 (2007)*. Pretoria, Statistics South Africa.



Annexure A: Financial Statements for 2008/09



Annexure B: Auditor General's Report



Annexure C: Functional Service Delivery Reporting



Annexure D: Annual Performance Report - SDBIP



Annual Financial Statements

for

LAINGSBURG MUNICIPALITY

for the year end 30 June 2009

Province:

Western Cape

AFS rounding:

R (to nearest R1)

Contact Information:	
Manager:	LAINGSBURG
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Name of contact at	A GROENEWALD
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General information

Members of the Council

R Meyer	Mayor
R Mckeet	Deputy Mayor
B Kleinbooi	Speaker
M Gouws	Member
J De Bruyn	Member
W Du P Theron	Member

Municipal Manager

P A Williams

Chief Financial Officer

A Groenewald

Grading of Local Authority

3

Auditors

Auditor-General

Bankers

ABSA

Registered Office:

Laingsburg

Physical address:

2 Van Riebeek Street
Laingsburg

Postal address:

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Laingsburg

Telephone number:

023 5511019

Fax number:

023 5511019

E-mail address:

laingsadmin@xsinet.co.za

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for the year end 30 June 2009

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 92 , in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 31 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager:
P A Williams

2009/08/31

LAINGSBURG MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2009
REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The Annual Financial Statements have been prepared in accordance with the Accounting Standards as prescribed by the Minister of Finance in terms of Government Gazette number 31021, Notice Number 516, dated 9 May 2008, and also in terms of the standards and principles contained in Directives 4 and 5 issued by the ASB in March 2009.

2. KEY FINANCIAL INDICATORS

The following indicators give some insight into the financial results of the year under review. No figures are provided for the previous year because of the change in format of the Annual Financial Statements presented.

Financial Statement Ratios:

INDICATOR	2009	2008
Surplus / (Deficit) before Appropriations	(1,815,197)	1,214,968
Surplus / (Deficit) at the end of the Year	47,262,786	49,288,069
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	33.74%	28.83%
Remuneration of Councillors	8.78%	7.51%
Collection Costs	0.01%	0.46%
Depreciation and Amortisation	12.34%	17.73%
Impairment Losses	0.27%	0.00%
Repairs and Maintenance	3.91%	4.71%
Interest Paid	0.00%	0.00%
Bulk Purchases	9.63%	10.28%
Contracted Services	2.27%	5.11%
Grants and Subsidies Paid	7.65%	8.13%
General Expenses	21.40%	17.24%
Average Collection Ratio :Creditors Days	20	9
Average Payment Ratio :Debtors Days	80	72

The extremely good ratio for Debtors Days, calculated on net Debtors, is because of bad debts in the amount of R 91 653 (2007/2008: R 68 313) written-off during the year under review.

LAINGSBURG MUNICIPALITY
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3. OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Appendix "D".

The overall operating results for the year ended 30 June 2009 are as follows:

DETAILS	Actual 2008/2009 R	Actual 2007/2008 R	Percentage Variance %	Budgeted 2008/2009 R	Variance actual/ budgeted %
Income:					
Opening surplus / (deficit)	11,935,379	4,644,800	156.96%	-	-
Operating income for the year	21,072,320	17,767,618	18.60%	14,451,153	45.82%
Appropriations for the year	(33,031)	789,592	-	-	-
	32,974,668	23,202,009	42.12%	14,451,153	128.18%
Expenditure:					
Operating expenditure for the year	22,887,516	16,552,650	38.27%	18,147,685	26.12%
Sundry transfers	-	(5,286,020)	(100.00)%	-	-
Closing surplus / (deficit)	10,116,753	11,935,379	(15.24)%	(2,796,532)	-
	33,004,269	23,202,009	42.25%	15,351,153	115.00%
	(29,601)				

3.1 Rates and General Services:

Rates and General Services are all types of services rendered by the municipality, excluding those listed below. The main income sources are Assessment Rates and Sundry Fees levied.

DETAILS	Actual 2008/2009 R	Actual 2007/2008 R	Percentage Variance %	Budgeted 2008/2009 R	Variance actual/ budgeted %
Income	14,158,423	16,415,141	(13.75)%	15,624,284	(9.38)%
Expenditure	17,574,708	14,196,058	23.80%	19,426,664	(9.53)%
Surplus / (Deficit)	(3,416,285)	2,219,082	(253.95)%	(3,802,380)	-
Surplus / (Deficit) as % of total income	(24.13)%	13.52%		(24.34)%	

3.2 Housing Services:

Housing Services are services rendered by the municipality to supply housing to the community and includes the rental of units owned by the municipality to public and staff. The main income source is the levying of Housing Rentals.

DETAILS	Actual 2008/2009 R	Actual 2007/2008 R	Percentage Variance %	Budgeted 2008/2009 R	Variance actual/ budgeted %
Income	28,718	245,119	(88.28)%	42,110	-
Expenditure	58,319	29,102	100.40%	-	-
Surplus / (Deficit)	(29,601)	216,017	(113.70)%	42,110	-
Surplus / (Deficit) as % of total income	-	88.13%		-	

LAINGSBURG MUNICIPALITY
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3.3 Waste Management Services:

Waste Management Services are services rendered by the municipality for the collection, disposal and purifying of waste (refuse and sewerage). Income is mainly generated from the levying of fees and tariffs determined by the council.

DETAILS	Actual 2008/2009 R	Actual 2007/2008 R	Percentage Variance %	Budgeted 2008/2009 R	Variance actual/ budgeted %
Income	1,932,354	1,777,852	8.69%	1,876,319	2.99%
Expenditure	2,220,460	1,221,383	81.80%	2,152,645	3.15%
Surplus / (Deficit)	(288,106)	556,469	(151.77)%	(276,326)	-
Surplus / (Deficit) as % of total income	(14.91)%	31.30%		(14.73)%	

3.4 Electricity Services:

Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R 2 204 503 (2007/2008: R 1 701 508). Tariffs levied for electricity are subject to administered adjustments.

The envisaged introduction of REDS (Regional Electricity Distribution Suppliers), where electricity will be distributed a regional supplier, will impact materially on the Annual Financial Statements of the municipality.

DETAILS	Actual 2008/2009 R	Actual 2007/2008 R	Percentage Variance %	Budgeted 2008/2009 R	Variance actual/ budgeted %
Income	3,357,519	2,621,919	28.06%	3,278,875	2.40%
Expenditure	3,489,390	1,844,257	89.20%	3,527,550	(1.08)%
Surplus / (Deficit)	(131,871)	777,662	(116.96)%	(248,675)	-
Surplus / (Deficit) as % of total income	(3.93)%	29.66%		(7.58)%	

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3.5 Water Services:

DETAILS	Actual 2008/2009 R	Actual 2007/2008 R	Percentage Variance %	Budgeted 2008/2009 R	Variance actual/ budgeted %
Income	3,530,675	1,114,454	216.81%	1,577,110	123.87%
Expenditure	1,771,129	917,203	93.10%	2,086,647	(15.12)%
Surplus / (Deficit)	1,759,545	197,251	792.03%	(509,537)	-
Surplus / (Deficit) as % of total income	49.84%	17.70%		(32.31)%	

Laingsburg Municipality experience major problems with water losses which originated from the floods in 1981. An investigation was done to try to find the cause of these water losses. The investigation found that major water losses occur, but were unable to identify where it originate from. Due to these findings the Department of Water Affairs allocated funds to Laingsburg Municipality to do a water leakage detection investigation during the 2009/2010 financial year.

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment during the year amounted to R 4 805 749 (2007/2008: R 2 754 949). Full details of Property, Plant and Equipment are disclosed in Note 9 and appendices "B, C and E (2)" to the Annual Financial Statements.

The capital expenditure of R 4 805 749 was financed as follows:

DETAILS	Actual 2008/2009 R	Actual 2007/2008 R	Percentage Variance %	Budgeted 2008/2009 R	Variance actual/ budgeted %
Capital Replacement Reserve	1,631,074	858,950	89.89%	1,715,331	(4.91)%
Grants and Subsidies	3,174,675	1,817,185	74.70%	3,115,669	1.89%
Public Contributions	-	-	-	-	-
	4,805,749	2,676,135	79.58%	4,831,000	(0.52)%

Source of funding as a percentage of Total Capital Expenditure:

DETAILS	2009	2008
Capital Replacement Reserve	33.94%	32.10%
Grants and Subsidies	66.06%	67.90%
Public Contributions	-	-

Property, Plant and Equipment is funded to such a great extent from grants and subsidies because the municipality does not have the financial resources to finance capital from its own funds.

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5. RECONCILIATION OF BUDGET TO ACTUAL

5.1 Operating Budget:

DETAILS	2009	2008
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	(3,618,482)	(2,796,532)
Revenue variances	549,941	2,416,465
Expenditure variances:		
Employee Related Costs	(2,135,112)	662,948
Remuneration of Councillors	25,082	82,657
Collection Costs	8,907	53,531
Depreciation and Amortisation	438,330	(102,429)
Impairment Losses	(62,000)	-
Repairs and Maintenance	(44,296)	28,136
Interest Paid	-	-
Bulk Purchases	211,297	75,617
Contracted Services	244,284	654,352
Grants and Subsidies Paid	235,738	204,322
General Expenses	2,331,115	(64,100)
Loss on disposal of Property, Plant and Equipment	-	-
Actual surplus before appropriations	(1,815,197)	1,214,968

DETAILS	2008	2007
<i>Variance per Service Segment:</i>		
Budgeted surplus before appropriations	(3,618,482)	(2,796,532)
Executive and Council	(2,235,831)	2,394,365
Finance and Administration	533,299	526,542
Planning and Development	112,956	(10,594)
Health	29,852	24,735
Community and Social Services	60,164	43,604
Housing	(71,711)	216,017
Public Safety	(65,041)	575,419
Sport and Recreation	3,115	40,451
Waste Management	(11,780)	(52,949)
Roads and Transport	1,057,684	71,701
Water	2,269,082	39,731
Electricity	116,804	138,606
Other	4,692	3,872
Actual surplus before appropriations	(1,815,197)	1,214,968

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results per category of expenditure, together with a cryptic explanation of significant variances of more than 10% from budget, are included in Appendix "E (1)".

LAINGSBURG MUNICIPALITY
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REPORT OF THE CHIEF FINANCIAL OFFICER

5.2 Capital Budget:

DETAILS	Actual 2008/2009 R	Actual 2007/2008 R		Budgeted 2008/2009 R	Variance actual/ budgeted R
Executive and Council	7,504	2,919		-	7,504
Finance and Administration	185,013	181,900		686,083	(501,070)
Planning and Development	351	23,778		18,000	(17,649)
Public Works	28,833	323,270		-	28,833
Community and Social Services	1,459	-		50,000	(48,541)
Housing	-	-		615,000	(615,000)
Public Safety	191,935	70,711		212,500	(20,565)
Sport and Recreation	5,625	-		-	5,625
Waste Management	61,915	347,011		-	61,915
Roads and Transport	1,351,150	138,983		1,037,400	313,750
Water	2,336,955	1,106,171		2,188,269	148,686
Electricity	702	265,784		800	(98)
Other	634,308	294,422		557,948	76,360
	4,805,749	2,754,949		5,366,000	(560,251)

Details of the results per segmental classification of capital expenditure are included in Appendix "C", together with a cryptic explanation of significant variances of more than 5% from budget, are included in Appendix "E (2)".

6. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2009 amounted to R 45 001 423 (30 June 2008: R 46 910 297) and is made up as follows:

Capital Replacement Reserve	4,305,151
Government Grants Reserve	30,424,810
Donations and Public Contributions Reserve	2,416,072
Accumulated Surplus	10,116,753
	<u>47,262,786</u>

The Capital Replacement Reserve replaces the previous statutory funds, like the Capital Development Fund, and is a cash-backed reserve established to enable the municipality to finance future capital expenditure. Cash contributions, depending on the availability of cash, is made annually to the reserve.

The Capitalisation and Donations and Public Contributions Reserves are utilised to offset the cost of depreciation of assets funded from Internal Advances (not applicable anymore) and Contributions from Public over the lifespan of such assets. Amounts equal to the cost of assets acquired from Public Contributions are transferred to the reserve annually.

The municipality, in conjunction with its own capital requirements and external funds (external loans and grants) is able to finance its annual infrastructure capital programme.

7. Grants

The balance of Grants unspent as at 30 June 2009 was R 3 177 373 (30 June 2008: R 2 700 903).

Grants utilised to obtain assets are transferred to Deferred Revenue and released into the operating account over the lifespan of the assets funded from such grants.

LAINGSBURG MUNICIPALITY
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REPORT OF THE CHIEF FINANCIAL OFFICER

8. LONG-TERM LIABILITIES

No Long - Term liabilities

9. RETIREMENT BENEFIT LIABILITIES

The outstanding amount of Retirement Benefit Liabilities as at 30 June 2009 was R 2 098 000

This liability is in respect of continued Health Care Benefits for employees of the municipality after retirement being members of schemes providing for such benefits. This liability is unfunded.

Refer to Note 18 for more detail.

10. NON-CURRENT PROVISIONS

Non-current Provisions amounted R 67 514 as at 30 June 2009 (30 June 2008: R 40 811) and is made up as follows:

Provision for Long-term Service	67,514
	<u>67,514</u>

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Refer to Note 19 for more detail.

11. CURRENT LIABILITIES

Current Liabilities amounted R 5 033 250 as at 30 June 2009 (30 June 2008: R 3 602 522) and is made up as follows:

Consumer Deposits	Note 14	223,785
Provisions	Note 15	482,723
Creditors	Note 16	1,266,601
Unspent Conditional Grants and Receipts	Note 17	3,177,375
Bank Overdraft	Note 7	168,110
Operating Lease Liabilities	Note 8	14,656
		<u>5,333,250</u>

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Notes for more detail.

12. PROPERTY, PLANT AND EQUIPMENT

The value of Property, Plant and Equipment was R 65 200 747 as at 30 June 2009 (30 June 2008: R 60 394 999).

Refer to Note 9 and Appendices "B, C and E (2)" for more detail.

LAINGSBURG MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2009
REPORT OF THE CHIEF FINANCIAL OFFICER

13. INTANGIBLE ASSETS

The Laingsburg municipality has no intangible assets

14. INVESTMENTS

No long term investments were noted

15. LONG-TERM RECEIVABLES

Long-term Receivables of R 106 252 at 30 June 2009 (30 June 2008: R 105 005) is made up as follows:

Officials: Study Loans	66,739
Capitalised Arrear Services	71,593
	<u>138,331</u>
Less: Short-term portion included in Current Assets	32,079
	<u><u>106,252</u></u>

Refer to Notes 13 for more detail.

16. CURRENT ASSETS

Current Assets amounted R 15 510 169 as at 30 June 2009 (30 June 2008: R 15 735 015) and is made up as follows:

Inventory	Note 2	346,978
Investment Deposits	Note 3	-
Consumer Debtors	Note 4	1,650,528
Other Debtors	Note 5	#VALUE!
VAT	Note 6	285,725
Bank Balances and Cash	Note 7	10,596,312
Current Portion of Long-term Receivables	Note 13	32,079
		<u><u>#VALUE!</u></u>

The substantial increase is due to the provision for consumption of metered services from the last reading date to 30 June 2009. Council's Credit Control Policy will have to be applied strictly and adhered to in all circumstances in order to recover monies due to the municipality. The non-collection of debt also has a negative impact on the municipality's cash flow.

Refer to the indicated Notes for more detail.

LAINGSBURG MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2009
REPORT OF THE CHIEF FINANCIAL OFFICER

17. INTER-GOVERNMENTAL GRANTS

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and provision of free basic services.

Refer to Notes 17 and 27, and Appendix "F" for more detail.

18. EVENTS AFTER THE REPORTING DATE

Full details of all known events, if any, after the reporting date are disclosed in Note 46.

19. GENERAL RECOGNISED ACCOUNTING PRACTICE (GRAP)

In order to adhere to principles and procedures prescribed by law and the directions of National Treasury, the Annual Financial Statements have been converted to the new reporting GRAP-format and is now presented as such on continuous basis.

20. EXPRESSION OF APPRECIATION

We are grateful to the Executive Mayor, members of the Mayoral Committee, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.

CHIEF FINANCIAL OFFICER

A GROENEWALD

29 August 2009

LAINGSBURG MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009

	Note	2009 R	2008 R
ASSETS			
Current Assets		#VALUE!	15,734,839
Inventory	2	346,978	576,894
Investments	3	-	-
Consumer Debtors	4	1,650,528	1,299,990
Other Debtors	5	#VALUE!	1,548,194
VAT Receivable	6	285,725	291,226
Bank, Cash and Cash Equivalents	7	10,596,312	11,986,456
Current Portion of Long-term Receivables	13	32,079	32,079
Non-Current Assets		41,424,390	39,442,275
Property, Plant and Equipment	9	39,755,752	37,713,320
Investment Property	11	1,562,386	1,623,949
Long-term Receivables	13	106,252	105,005
Total Assets		#VALUE!	55,177,114
LIABILITIES			
Current Liabilities		5,333,250	3,602,522
Consumer Deposits	14	223,785	201,544
Provisions	15	482,723	261,833
Creditors	16	1,266,601	426,602
Unspent Conditional Grants and Receipts	17	3,177,375	2,700,903
Operating Lease Receivables	8	14,656	11,640
Bank Overdraft	7	168,110	-
Non-Current Liabilities		2,122,514	40,811
Retirement Benefit Liabilities	18	2,055,000	-
Non-current Provisions	19	67,514	40,811
Total Liabilities		7,455,763	3,643,333
Total Assets and Liabilities		#VALUE!	51,533,781
NET ASSETS			
Statutory Funds		49,478,897	51,533,781
Statutory Funds	20	2,216,111	2,245,712
Accumulated Surplus / (Deficit)	22	47,262,786	49,288,069
Total Net Assets		49,478,897	51,533,781

LAINGSBURG MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

Budget			Actual		
2008	2009		Note	2009	2008
R	R			R	R
REVENUE					
1,225,132	1,093,371	Property Rates	23	1,122,420	1,233,501
4,500	4,150	Property Rates - Penalties imposed and collection charges	24	29,611	6,856
5,261,892	6,160,927	Service Charges	25	6,399,528	5,376,340
394,742	431,706	Rental of Facilities and Equipment	26	473,617	468,450
859,494	1,230,000	Interest Earned - External Investments	24	1,421,686	1,410,241
48,000	50,000	Interest Earned - Outstanding Debtors	24	50,588	55,672
1,655,016	1,876,550	Fines		1,977,292	2,175,042
19,192	6,650	Licences and Permits		91,486	36,771
62,000	58,000	Income for Agency Services		94,581	57,998
5,674,854	9,510,790	Government Grants and Subsidies Received	27	9,182,628	6,738,526
27,313	45,490	Public Contributions and Donations	28	49,495	39,248
119,018	54,745	Other Income	29	179,387	168,973
15,351,153	20,522,379	Total Revenue		21,072,320	17,767,618
EXPENDITURE					
5,435,805	5,586,958	Employee Related Costs	30	7,722,070	4,772,857
1,325,709	2,034,163	Remuneration of Councillors	31	2,009,081	1,243,052
130,490	12,000	Collection Costs		3,093	76,959
2,831,566	3,263,211	Depreciation and Amortisation	32	2,824,881	2,933,995
-	-	Impairment Losses		62,000	-
807,707	849,655	Repairs and Maintenance		893,951	779,571
1,777,125	2,415,800	Bulk Purchases	33	2,204,503	1,701,508
1,499,411	763,500	Contracted Services		519,216	845,059
1,550,468	1,986,069	Grants and Subsidies Paid	34	1,750,331	1,346,146
2,789,404	7,229,505	General Expenses	35	4,898,390	2,853,504
18,147,685	24,140,861	Total Expenditure		22,887,516	16,552,650
OTHER REVENUE / EXPENDITURE INCURRED					
(2,796,532)	(3,618,482)	SURPLUS / (DEFICIT) FOR THE YEAR		(1,815,197)	1,214,968
Refer to Appendix E(1) for explanation of budget variances					

LAINGSBURG MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009

Description	Pre-GAMAP Reserves and Funds	Housing Development Fund	Revolving Fund	Dog Licence Fund	Capital Reserve Fund	Reparation Fund	Revaluation Reserve	Accumulated Surplus / (Deficit) Account				Total for Accumulated Surplus/(Deficit) Account	Total
								Capital Replacement Reserve	Donations and Public Contributions Reserve	Government Grants Reserve	Accumulated Surplus / (Deficit)		
2008		R					R	R	R	R	R	R	R
Balance at 30 June 2007	57,640,050	1,100,319	5,154,600	77,552	1,140,575	9,662	2,284,917		-		4,644,800	4,644,800	72,052,474
Change in Accounting Policy (Note 38)			-5,154,600	-77,552	-1,140,575	-9,662	-	6,295,175			-	6,295,175	(87,214)
Change in Accounting Policy (Note 38)	(57,640,050)	1,123,155					(2,284,917)		2,613,786	29,823,272	-	32,437,058	(26,364,754)
Change in Accounting Policy (Note 38)											5,286,020	5,286,020	5,286,020
Restated Balance	-	2,223,474	-	-	-	-	-	6,295,175	2,613,786	29,823,272	9,930,820	48,663,053	50,886,526
Surplus / (Deficit) for the year	-	22,238	-	-	-	-	-	-	-	-	1,214,968	1,214,968	1,237,205
Net gains / (losses) Previous year	-	-	-	-	-	-	-	-	-	-	7,926	7,926	7,926
Funds utilised to finance PPE	-	-	-	-	-	-	-	(858,950)	-	-	-	(858,950)	(858,950)
Changes to Accumulated surplus	-	-	-	-	-	-	-	-	-	-	(1,556,113)	(1,556,113)	(1,556,113)
Grants utilised to obtain PPE	-	-	-	-	-	-	-	-	-	1,817,186	-	1,817,186	1,817,186
Offsetting of Depreciation (Jn 8)	-	-	-	-	-	-	-	-	(101,071)	(2,236,708)	2,337,779	-	-
Balance at 30 June 2008	-	2,245,712	-	-	-	-	-	5,436,225	2,512,715	29,403,750	11,935,379	49,288,069	51,533,780
2009													
Restated Balance		2,245,712	-	-	-	-	-	5,436,225	2,512,715	29,403,750	11,935,379	49,288,069	51,533,780
Surplus / (Deficit) for the year		(29,601)	-	-	-	-	-	-	-	-	(1,785,596)	(1,785,596)	(1,815,197)
Net gains / (losses) Previous year		-	-	-	-	-	-	-	-	-	(74,183)	(74,183)	(74,183)
Funds utilised to finance PPE		-	-	-	-	-	-	(1,631,074)	-	-	1,631,074	-	-
Changes to Accumulated surplus		-	-	-	-	-	-	-	-	-	(165,504)	(165,504)	(165,504)
Transfer to CRR		-	-	-	-	-	-	500,000	-	-	(500,000)	-	-
Grants utilised to obtain PPE		-	-	-	-	-	-	-	-	3,174,675	(3,174,675)	-	-
Offsetting of Depreciation		-	-	-	-	-	-	-	(96,643)	(2,153,614)	2,250,257	-	-
Balance at 30 June 2009		2,216,111	-	-	-	-	-	4,305,151	2,416,072	30,424,810	10,116,753	47,262,786	49,478,896

LAINGSBURG MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from Ratepayers, Government and Other		#VALUE!
Cash paid to Suppliers and Employees		#VALUE!
Cash generated from / (utilised in) Operations	39	#VALUE!
Interest received	24	1,501,885
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		#VALUE!
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	9	(4,805,749)
(Increase) / decrease in Non-current Investments		-
(Increase) / decrease in Long-term Receivables	13	(1,247)
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		(4,806,996)
CASH FLOWS FROM FINANCING ACTIVITIES		
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	7	9,990,478
		#VALUE!
Cash and Cash Equivalents at the beginning of the year		437,725
Cash and Cash Equivalents at the end of the year		10,428,203

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
1. GENERAL INFORMATION		
<p>Laingsburg Municipality (the municipality) is a local government institution in the Western Cape. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction and overview of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by The Constitution.</p>		
2. INVENTORY		
Milk Powder - at cost	30,782	30,782
Grit	134,294	364,034
Gravel	181,902	182,078
Total Inventory	346,978	576,894

Inventories are held for own use with the result that no write downs of Inventory to Net Realisable Value were required.

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standard Board, issued in February 2008. The municipality did not recognise the following inventories:

Water

3. INVESTMENTS		
Call investments	-	-
	-	-

	Gross Balances	Provision for Impairment	Net Balances
As at 30 June 2009			
Service Debtors:	1,634,756	52,000	1,582,756
Assessment Rates	1,124,169	52,000	1,072,169
Services	510,586.78	-	510,587
Loan Instalments	-	-	-
House Rentals	67,772	-	67,772
Total Consumer Debtors	1,702,527	52,000	1,650,527
	Gross Balances	Provision for Impairment	Net Balances
As at 30 June 2008			
Service Debtors:	1,239,776	-	1,239,776
Assessment Rates	896,402	-	896,402
Electricity	141,499	-	141,499
Refuse	68,843	-	68,843
Sewerage	72,895	-	72,895
Water	60,137	-	60,137
House Rental	60,214	-	60,214
Total Consumer Debtors	1,299,990	-	1,299,990

Consumer Debtors are billed monthly, latest end of month. No interest is charged on trade receivables until the 7th of the following month. Thereafter a surcharge is charged at a rate determined by council on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Consumer Debtors.

The municipality receives applications that it processes. Deposits are required to be paid for all water and electricity accounts opened. There are no consumers who represent more than % of the total balance of Consumer Debtors.

The management of the municipality is of the opinion that the carrying value of Consumer Debtors approximate their fair values.

The fair value of Consumer Debtors was determined after considering the standard terms and conditions of agreements entered into between the municipality and Consumer Debtors as well as the current payment ratio's of the municipality's Consumer Debtors.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
5. OTHER DEBTORS		
Government Claims	#VALUE!	1,189,661
Sundry Deposits	#VALUE!	26,972
Sundry Debtors	#VALUE!	79,236
Fruitless and Wasteful Expenditure (See Note 36.2)	-	252,325
	<u>#VALUE!</u>	<u>1,548,194</u>
Less: Provision for Impairment	(62,000)	-
Total Other Debtors	<u>#VALUE!</u>	<u>1,548,194</u>

The average credit period for Government Grants and Subsidies is dependent on the Government Department involved and the nature of the claim. No interest is charged on outstanding Government Grants and Subsidies. The subsidies is payable to the municipality due to allocations made in the DORA or based on agreements between the municipality and the relevant departments.

The average credit period for Other Debtors is 30 days. No interest is charged for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate, charged by the municipality's banker, plus one percent per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Other Debtors.

The management of the municipality is of the opinion that the carrying value of Other Debtors approximate their fair values.

The fair value of Other Debtors was determined after considering the standard terms and conditions of agreements entered into between the municipality and National / Provincial Departments as well as Other Debtors. The current payment ratio's of Other Debtors were also taken into account for fair value determination.

6. VAT RECEIVABLE

Vat Receivable	<u>285,725</u>	<u>291,226</u>
----------------	----------------	----------------

Vat is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

7. BANK, CASH AND CASH EQUIVALENTS

Bank, Cash and Cash Equivalents	650	437,726
Bank Overdraft	(168,110)	-
Total Bank, Cash and Cash Equivalents	<u>(167,460)</u>	<u>437,726</u>

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Bank, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

7.2 Bank Accounts

Primary Bank Account

ABSA -Laingsburg Account Number 2540140874

Cash book balance at beginning of year	437,076	(777,778)
Cash book balance at end of year	<u>(168,110)</u>	<u>437,076</u>
Bank statement balance at beginning of year	1,766,835	265,818
Bank statement balance at end of year	<u>1,141,503</u>	<u>1,766,835</u>

7.3 Cash and Cash equivalents

Cash Floats and Advances	650	650
Cash on hand in Cash Floats, Advances and Equivalents	<u>650</u>	<u>650</u>

The management of the municipality is of the opinion that the carrying value of Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Bank Balances, Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
7.3 Call Investments		
Accumulated Surplus	1,996,787	2,492,035
Compensation Act	70,778	34,592
Capital Reserve	-	1,140,575
FMG Funds	30,835	234,097
MSIG Funds	664,730	362,684
Taxi Parking	602,311	602,311
Electricity :108 Houses	183,511	183,511
Spacial Development	204,913	253,246
Sewerage Master Plan	92,140	92,140
Asset Finance Reserve	4,305,151	4,295,650
Housing Fund	368,541	399,268
Electricity Tariffs	20,000	20,000
Water	74,601	34,596
Staff Leave	247,673	117,206
Long Service Bonus	100,907	69,702
Performance Bonus	87,879	81,144
Bulk Water Services	205,428	39,917
Bus routes	693,000	497,063
Deposits	16,787	16,112
Sport	5,937	5,744
Consumer Services	223,785	201,544
High Mast Lighting	69,954	214,407
Environmental Matters	1,205	1,205
Masibebane	326,215	109,215
Soup Kitchen	2,595	50,768
	10,595,662	11,548,730

8. OPERATING LEASE RECEIVABLES

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP

Balance at beginning of year	(11,640)	(11,874)
Operating Lease expenses recorded	(3,016)	234
Total Operating Lease Assets	(14,656)	(11,640)

8.1 Leasing Arrangements

The Municipality as Lessor:

Operating Leases relate to Property owned by the municipality with lease terms of 5 years, with an option to extend. The lessee does not have an option to purchase the property at the expiry of the lease period.

8.2 Amounts receivable under Operating Leases

At the Reporting Date the following lease receipts were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year	-	-
2 to 5 years	148,097	211,568
Total Operating Lease Arrangements	148,097	211,568

The impact of charging the escalations in Operating Leases on a straight-line basis over the term of the lease has been an increase in current year income of R 3015 (2008: R234).

No restrictions have been imposed by the municipality in terms of the operating lease

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

9. PROPERTY, PLANT AND EQUIPMENT

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemising all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2009. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records. Furthermore, the Municipality has not assessed whether items of property, plant and equipment are impaired. It is expected that an assessment of impairments will be done by 30 June 2009.

30 June 2009

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Other	Total
	R	R	R	R	R
Carrying values at 01 July 2008	1,343,143	20,144,437	14,463,835	1,761,905	37,713,320
Cost	1,552,085	35,480,935	16,767,944	4,402,092	58,203,056
- Completed Assets	1,552,085	35,480,935	16,767,944	4,402,092	58,203,056
- Under Construction	-	-	-	-	-
Correction of error (Note 33)	-	-	-	-	-
Revaluation	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-
Accumulated Depreciation:	(208,942)	(15,336,498)	(2,304,109)	(2,640,187)	(20,489,736)
- Cost	(208,942)	(15,336,498)	(2,304,109)	(2,640,187)	(20,489,736)
- Revaluation	-	-	-	-	-
Acquisitions	583,456	3,773,041	16,792	432,460	4,805,749
Borrowing Costs Capitalised	-	-	-	-	-
Capital under Construction - Additions	-	-	-	-	-
- Cost	-	-	-	-	-
- Borrowing Costs Capitalised	-	-	-	-	-
Increases in Revaluation	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-
Depreciation:	(37,777)	(1,673,383)	(597,943)	(454,214)	(2,763,317)
- Based on Cost	(37,777)	(1,673,383)	(597,943)	(454,214)	(2,763,317)
- Based on Revaluation	-	-	-	-	-
Carrying value of Disposals:	-	-	-	-	-
- Cost	-	-	-	(3,000)	(3,000)
- Revaluation	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-
Accumulated Depreciation	-	-	-	3,000	3,000
- Based on Cost	-	-	-	3,000	3,000
- Based on Revaluation	-	-	-	-	-
Decreases in Revaluation	-	-	-	-	-
Impairment Losses	-	-	-	-	-
Capital under Construction - Completed	-	-	-	-	-
Other Movements	-	-	-	-	-
- Cost	-	-	-	-	-
- Revaluation	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-
- Based on Cost	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-
Carrying values at 30 June 2009	1,888,822	22,244,095	13,882,684	1,740,151	39,755,752
Cost	2,135,541	39,253,976	16,784,737	4,831,552	63,005,805
- Completed Assets	2,135,541	39,253,976	16,784,737	4,831,552	63,005,805
- Under Construction	-	-	-	-	-
Revaluation	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-
Accumulated Depreciation:	(246,719)	(17,009,881)	(2,902,053)	(3,091,401)	(23,250,053)
- Cost	(246,719)	(17,009,881)	(2,902,053)	(3,091,401)	(23,250,053)
- Revaluation	-	-	-	-	-
Description	Land and Buildings	Infra-structure	Community	Other	Total
	R	R	R	R	R
Carrying values at 01 July 2007	1,114,723	20,399,272	15,114,571	1,198,176	37,826,742
Cost	1,294,122	33,927,786	16,748,257	3,477,942	55,448,107
- Completed Assets	1,294,122	33,927,786	16,748,257	3,477,942	55,448,107
- Under Construction	-	-	-	-	-
Correction of error (Note 33)	-	-	-	-	-
Revaluation	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-
Accumulated Depreciation:	(179,399)	(13,528,514)	(1,633,686)	(2,279,766)	(17,621,366)
- Cost	(179,399)	(13,528,514)	(1,633,686)	(2,279,766)	(17,621,366)
- Revaluation	-	-	-	-	-
Acquisitions	257,963	1,553,149	19,687	924,150	2,754,949
Borrowing Costs Capitalised	-	-	-	-	-
Capital under Construction - Additions	-	-	-	-	-
- Cost	-	-	-	-	-
- Borrowing Costs Capitalised	-	-	-	-	-
Increases in Revaluation	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-
Depreciation:	(29,543)	(1,807,984)	(670,423)	(360,420)	(2,868,371)
- Based on Cost	(29,543)	(1,807,984)	(670,423)	(360,420)	(2,868,371)
- Based on Revaluation	-	-	-	-	-
Carrying values at 30 June 2008	1,343,143	20,144,437	14,463,835	1,761,905	37,713,320
Cost	1,552,085	35,480,935	16,767,944	4,402,092	58,203,056
- Completed Assets	1,552,085	35,480,935	16,767,944	4,402,092	58,203,056
- Under Construction	-	-	-	-	-
Revaluation	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-
Accumulated Depreciation:	(208,942)	(15,336,498)	(2,304,109)	(2,640,187)	(20,489,736)
- Cost	(208,942)	(15,336,498)	(2,304,109)	(2,640,187)	(20,489,736)
- Revaluation	-	-	-	-	-

Total Property, Plant and Equipment held by the municipality at 30 June 2009 amounted to R63, 005 million (2008: R60,395 million).

Refer to Appendices "B, C and E (2)" for more detail on Property, Plant and Equipment, including those in the course of construction.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009 2008
R R

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

Utilisation of Transitional provisions of Directive 4

The Municipality has taken advantage of the transitional provision in paragraph 78 of GRAP 17, as set out in Directive 4, which allows entities a period of up to 3 years from the date of initial adoption of GRAP 17 to comply in full with its measurement requirements. The municipality aim to fully comply with GRAP 17 by 30 June 2011.

In terms of the transitional provisions of Directive 4, the municipality currently measures its Infrastructure Assets, Land and Buildings Community Assets, Heritage Assets, Housing Rental stock and Other Assets at historical global amounts, or in cases where no cost prices are available, at provisional amounts. During the transitional period the municipality has already finalised a process of componentisation of assets that were recorded at global amounts and not initially measured and recorded in the significant components making up the assets. Where sufficient historical data on assets, relating to initial cost prices, are not available to the municipality, the municipality still have to measure its assets at a deemed cost which represents fair value or depreciated replacement cost at the date the asset was acquired, if the acquisition date is known; or the fair value or depreciated replacement cost of the asset determined at the earliest date for which the municipality first prepared financial statements that complied with Standards of GRAP, i.e. 1 July 2007, if the asset's acquisition date is unknown.

10. INTANGIBLE ASSETS

No Intangible Assets

11. INVESTMENT PROPERTY

At Fair Value	-	-
At Cost less Accumulated Depreciation	-	-

The movement in Investment Property is reconciled as follows:

Carrying values at 1 July 2008	1,623,949	1,623,949
Cost	2,191,942	2,191,942
Fair Value	-	-
Accumulated Depreciation	(567,993)	(567,993)
Accumulated Impairment Losses	-	-
Reversal of Impairment Losses during the Year	-	-
Transfers during the Year:	(61,564)	-
At Cost	-	-
At Accumulated Depreciation	(61,564)	-
At Accumulated Impairment	-	-
Carrying values at 30 June 2009	1,562,386	1,623,949
Cost	2,191,942	2,191,942
Fair Value	-	-
Accumulated Depreciation	(629,556)	(567,993)
Accumulated Impairment	-	-

The municipality's Investment Property is valued every 4 years with the new valuation roll. The valuation, which conforms to International Valuation Standards, is arrived at by reference to market evidence of transaction prices for similar properties.

There are no contractual obligations on Investment Property.

Refer to Appendix "B" for more detail on Investment Property.

11.2 Impairment of Investment Property:

The municipality has not tested its items of Investment Property for any potential impairment losses on assets. Furthermore, no review of the useful lives or depreciation methods applied to items of Investment Property has been performed. (N/A if FV model is used) The afore-mentioned actions have not been carried out by the municipality due to the exemptions granted in terms of Directive 4 issued by the ASB.

12. BIOLOGICAL ASSETS

No Biological Assets

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
13. LONG-TERM RECEIVABLES		
	Gross Balances R	Provision for Impairment R
		Net Balances R
As at 30 June 2009		
Housing - Selfbuild	66,739	-
Housing - Selling schemes	71,593	-
	<u>138,331</u>	<u>138,331</u>
Less: Current Portion transferred to Current Receivables:-		32,079
Housing - Selfbuild		19,485
Housing - Selling schemes		12,594
Total Long-term Receivables		<u>106,252</u>
	Gross Balances R	Provision for Impairment R
		Net Balances R
As at 30 June 2008		
Housing - Selfbuild	63,209	-
Housing - Selling schemes	73,875	-
	<u>137,084</u>	<u>137,084</u>
Less: Current Portion transferred to Current Receivables:-		32,079
Housing - Selfbuild		19,485
Housing - Selling schemes		12,594
Total Long-term Receivables		<u>105,005</u>

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
14. CONSUMER DEPOSITS		
Electricity and Water	223,785	201,544
Total Consumer Deposits	<u>223,785</u>	<u>201,544</u>
Guarantees held in lieu of Electricity and Water Deposits	<u>-</u>	<u>-</u>

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on Consumer Deposits held.

The management of the municipality is of the opinion that the carrying value of Consumer Deposits approximate their fair values.

The fair value of Consumer Deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

15. PROVISIONS

Performance Bonuses	87,879	81,144
Long Service Bonus	33,393	28,891
Staff Leave	247,673	117,206
Insurance WCA	70,778	34,592
Current Portion of Post-retirement Medical Aid Benefits Liability (See Note 18)	43,000	-
Total Provisions	<u>482,723</u>	<u>261,833</u>

Performance Bonuses accrue to senior managers on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

Staff Leave accrue to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

The movement in current provisions are reconciled as follows:

Current Portion of Non-Current Provisions:

	Insurance WCA R	Performance Bonuses R
30 June 2009		
Balance at beginning of year	34,592	81,144
Contributions to provision	36,186	6,735
Expenditure incurred		-
Balance at end of year	<u>70,778</u>	<u>87,879</u>
30 June 2008		
Balance at beginning of year	27,212	65,800
Contributions to provision	34,592	86,408
Expenditure incurred	(27,212)	(71,064)
Balance at end of year	<u>34,592</u>	<u>81,144</u>

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
16. CREDITORS		
Trade Creditors		
Debtors in Credit	165,843	94,312
Sundry Deposits	714,848	41,878
Other Creditors	385,911	290,412
Total Creditors	1,266,601	426,602

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

The management of the municipality is of the opinion that the carrying value of Creditors approximate their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

17. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

17.1 Conditional Grants from Government

	3,177,375	2,700,903
National Government Grants	2,390,375	1,935,684
Provincial Government Grants	787,000	765,219
	-	-
Total Conditional Grants and Receipts	3,177,375	2,700,903

The amount for Unspent Conditional Grants and Receipts are deposited in ring-fenced investment accounts until utilised.

See Note 35 for the reconciliation of Grants from Other Spheres of Government.

Refer to Appendix "F" for more detail on Conditional Grants.

18. RETIREMENT BENEFIT LIABILITIES

18.1 Post-retirement Health Care Benefits Liability

Balance at beginning of Year	-	-
Contributions to Provision	2,098,000	-
	-	-
Balance at end of Year	2,098,000	-
Transfer to Current Provisions	(43,000)	-
Total Post-retirement Health Care Benefits Liability	2,055,000	-

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2009 by Alexander Forbes Health (Pty) Ltd. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Members (Employees)	21	-
Continuation Members (Retirees, widowers and orphans)	1	-
Total Members	22	-

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
18.1 Post-retirement Health Care Benefits Liability (Continued)		
The liability in respect of past service has been estimated as follows:		
In-service Members	1,008,000	
Continuation Members	1,090,000	
Total Liability	2,098,000	-
The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:		
- Bonitas		
- Keyhealth		
- Samwumed		
The Current-service Cost for the year ending 30 June 2009 is estimated to be R145,000 whereas the cost for the ensuing year is estimated to be R127,000.		
The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount Rate	0	
Health Care Cost Inflation Rate	0	
Net Effective Discount Rate	0	
Expected Rate of Salary Increase	0	
Expected Retirement Age - Females	65	
Expected Retirement Age - Males	60	
Movements in the present value of the Defined Benefit Obligation were as follows:		
Balance at the beginning of the year	-	
Current service costs	145,000	
Interest cost	228,000	
Past-service costs	2,144,000	
Benefits paid	(41,000)	
Actuarial losses / (gains)	(378,000)	
Present Value of Fund Obligation at the end of the Year	2,098,000	-
Actuarial losses / (gains) unrecognised		
Total Recognised Benefit Liability	2,098,000	-
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	2,098,000	
	2,098,000	
Deficit	2,098,000	
Total Benefit Liability	2,098,000	
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	145,000	
Interest cost	228,000	
Actuarial losses / (gains)	(378,000)	
Vested past service costs	2,144,000	
Actuarial losses / (gains)	(378,000)	
Total Post-retirement Benefit included in Employee Related Costs (Note 26)	2,139,000	
The history of experienced adjustments is as follows:		
	2009 R	2008 R
Present Value of Defined Benefit Obligation	2,098,000	-
Deficit	2,098,000	-
Experienced adjustments on Plan Liabilities	(1,260,526)	-

In accordance with the transitional provisions for the amendments to IAS 19 Employee Benefits in December 2004, the disclosures above are determined prospectively from the 2004 reporting period.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
18.1 Post-retirement Health Care Benefits Liability (Continued)		
The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	92,000	
Effect on the defined benefit obligation	516,000	
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(68,000)	
Effect on the defined benefit obligation	(388,000)	
The municipality expects to make a contribution of R0.324 million to the Defined Benefit Plans during the next financial year.		
The transitional Defined Benefit Liabilities for Post-retirement Medical Aid Benefits have been recognised in the Annual Financial Statements of the municipality as at 30 June 2009 in terms of IAS 19, Employee Benefits, paragraph 155(a). The municipality has elected to recognise the full increase in this Defined Benefit Liability immediately, thus the full transitional liability have been recognised as at 30 June 2009.		
Refer to Note 50 "Multi-employer Retirement Benefit Information" to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.		

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
19. NON-CURRENT PROVISIONS		
Provision for Long Service Awards	67,514	40,811
Total Non-current Provisions	<u>67,514</u>	<u>40,811</u>

The movement in Non-current Provisions are reconciled as follows:

	Long Service Awards R
30 June 2009	
Balance at beginning of year	69,702
Contributions to provision	60,096
Increase due to discounting	-
Expenditure incurred	(28,891)
Reduction due to re-measurement	<u>100,907</u>
Transfer to current provisions	(33,393)
Balance at end of year	<u>67,514</u>
30 June 2008	
Balance at beginning of year	-
Contributions to provision	69,702
Increase due to discounting	-
Expenditure incurred	-
Reduction due to re-measurement	<u>69,702</u>
Transfer to current provisions	(28,891)
Balance at end of year	<u>40,811</u>
Short Term Bonus	
A van der Merwe	15,378
M Visagie	5,034
A Jacobs	3,730
P Buus	<u>4,749</u>
	<u>28,891</u>

19.1 Long Service Awards

The municipality operates an unfunded defined benefit plan for all its employees. The provision is an estimate of the long-service based on years of serviceturnover. No other long-service benefits are provided to employees.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
20. STATUTORY FUNDS		
Statutory Fund No 1	-	-
Housing Development Fund:	2,216,111	2,245,712
Balance 30 June	2,245,712	1,100,319
Adjustment of house prices	-	1,123,155
Unappropriated Surplus	(29,601)	22,238
Total Statutory Funds	2,216,111	2,245,712

20.1 Housing Development Fund

The Housing Development Fund has its origin from Loans extinguished by Government on 1 April 1998 and the net of housing transactions appropriated to the fund thereafter. No separate Unappropriated Surplus Account for housing transactions was kept.

The Housing Development Fund contains all proceeds from housing developments, which include rental income and sale of houses. Monies standing to the credit of the Housing Development Fund are used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

Reconciliation of the Housing Development Fund:

Balance at beginning of year	2,245,712	2,223,474
Revenue:	(29,601)	22,238
Land Sales	-	-
Housing Rental Debtors	(29,601)	22,238
Less; Expenditure:	-	-
Funding of Capital Projects	-	-
Funding of Operationing Projects	-	-
Balance at end of year	2,216,111	2,245,712

The Housing Development Fund is represented by the following Assets and Liabilities:

Revaluation of Assets	1,123,155	1,123,155
Instalment Sales Debtors	158,807	153,485
Advances 108 Houses	563,756	570,959
Cash and Cash Equivalents	368,541	399,268
Creditors	1,852	(1,154)
Total Housing Development Fund Assets and Liabilities	2,216,111	2,245,712

21. RESERVES

Revaluation Reserve	-	-
Total Reserves	-	-

21.1 Revaluation Reserve

The Revaluation Reserve arises on the revaluation of Land and Buildings. Where revalued Land or Buildings are sold, the portion of the Revaluation Reserve that relates to that asset, and is effectively realised, is transferred directly to Accumulated Surplus.

Distributions from the Revaluation Reserve can be made where they are in accordance with the requirements of the municipality's accounting Policy and relevant case law. The payment of cash distributions out of the reserve is restricted by the terms of the municipality's Accounting policy. These restrictions do not apply to any amounts transferred to Accumulated Surplus. The Council do not currently intend to make any distribution from the Revaluation Reserve.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
The following restrictions are placed on the distribution of the balance of the reserve:		
Reconciliation of the Revaluation Reserve:		
Balance at beginning of year	-	-
Revaluation	-	-
Depreciation transferred to surplus	-	-
Transfer due to disposal of revalued assets	-	-
Balance at end of year	-	-

Refer to Statement of Changes in Net Assets for more detail and the movement on Reserves.

22. ACCUMULATED SURPLUS

The Accumulated Surplus consists of the following Internal Funds and Reserves:

Capital Replacement Reserve (CRR)	4,305,151	5,436,225
Capitalisation Reserve	-	-
Donations and Public Contributions Reserve	2,416,072	2,512,715
Government Grants Reserve	30,424,810	29,403,750
Accumulated Surplus / (Deficit) due to the results of Operations	10,116,753	11,935,379
Total Accumulated Surplus	47,262,786	49,288,069

Accumulated Surplus has been restated to adhere to the provisions of GRAP 23, *Revenue from Non-exchange Transactions*. Refer to Note 38 on "Change in Accounting Policy" for details of the restatement.

The **Capital Replacement Reserve** is a reserve to finance future capital expenditure and is fully invested in ring-fenced Financial Instrument Investments.

The **Capitalisation Reserve** equals the carrying value of the items of property, plant and equipment from the former legislated funds. The Capitalisation Reserve ensures consumer equity and is not backed by cash.

The **Donations and Public Contributions Reserve** equals the carrying value of the items of property, plant and equipment financed from public contributions and donations. The Donations and Public Contributions Reserve ensures consumer equity and is not backed by cash.

The **Government Grants Reserve** equals the carrying value of the items of property, plant and equipment financed from government grants. The Government Grants Reserve ensures consumer equity and is not backed by cash.

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009		2008	
	R		R	
23. PROPERTY RATES				
	Property Valuations		Actual Levies	
	July 2009	July 2008		
	R000's	R000's		
Residential	67,237,600	67,237,600	831,647	830,194
Commercial	152,729,904	152,729,904	290,773	403,307
Agricultural			-	-
State			-	-
Municipal			-	-
Exempted Properties	26,672,800	26,672,800	-	-
Total Assessment Rates	246,640,304	246,640,304	1,122,420	1,233,501
Attributable to:				
Continuing Operations			1,122,420	1,233,501
Discontinued Operations			-	-
			1,122,420	1,233,501

Assessment Rates are levied on the value of land and improvements, which valuation is performed every four years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The last valuation came into effect on 1 July 2004. A general valuation has been performed during the financial year and will be applied with effect 1 July 2009.

An average general rate on general and commercial of 1,954 c/R (2007/2008: 1,808 c/R) is applied to property valuations to determine

A rebate of 90,00% (2007/2008: 85,00%) was allowed on agricultural properties.

Rates are levied monthly on property owners and are payable the 7th of each month. Property owners can request that the full amount for the year be raised in July in which case the amount has to be paid by 30 September. Interest is levied at a rate determined by council on outstanding rates amounts.

24. INTEREST EARNED

Property Rates:		
Penalties imposed and Collection Charges	29,611	6,856
	29,611	6,856
External Investments:		
Bank Account	-	-
Investments	1,421,686	1,410,241
Other Interest	-	-
	1,421,686	1,410,241
Outstanding Debtors:		
Land Sales	-	-
Long-term Debtors	-	-
Outstanding Billing Debtors	50,588	55,672
	50,588	55,672
Total Interest Earned	1,501,885	1,472,769
Interest Earned on Financial Assets, analysed by category of asset, is as follows:		
Available-for-Sale Financial Assets	1,421,686	1,410,241
Loans and Receivables	80,199	62,528
Held-to-Maturity Investments	-	-
	1,501,885	1,472,769
Interest Earned on Non-financial Assets	-	-
	1,501,885	1,472,769

Revenue recognised in respect of Financial Assets designated as at "fair value through profit or loss" is disclosed in Note 45.2.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
25 SERVICE CHARGES		
Sale of Electricity	3,352,929	2,621,919
Sale of Water	1,095,245	1,095,582
Refuse Removal	849,299	747,292
Sewerage and Sanitation Charges	1,102,055	986,707
Rebates		(75,160)
Total Service Charges	6,399,528	5,376,340
Attributable to:		
Continuing Operations	6,399,528	5,376,340
Discontinued Operations	-	-
	6,399,528	5,376,340

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

26. RENTAL OF FACILITIES AND EQUIPMENT

Finance Lease Rental Revenue	-	-
Operating Lease Rental Revenue:		
- Investment Property	60,222	60,135
Rental Revenue from Cutlery	2,090	2,115
Rental Revenue from Buildings	294,704	250,924
Rental Revenue from Land	2,642	2,946
Rental Revenue Sundry	96,436	56,023
Rental Revenue Machines	2,111	4,569
Rental Revenue Hawkers	15,414	18,031
Total Rental of Facilities and Equipment	473,617	394,742
Attributable to:		
Continuing Operations	473,617	394,742
Discontinued Operations	-	-
	473,617	394,742

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

27. GOVERNMENT GRANTS AND SUBSIDIES RECEIVED

Other Subsidies	110,423	-
Operational Grants	110,423	-
Conditional Grants	9,139,837	6,738,526
National: Equitable Share	4,420,759	3,508,390
National: FMG	703,262	592,076
National: MIG	2,898,546	409,476
National: MSIG	432,954	853,404
National: DWAF	497,063	886,736
National: Sport and Development	(193)	8,800
Department of Mineral and Energy	-	78,813
Provincial: Library	67,633	40,878
Provincial: Streets	-	30,464
Provincial: Community Centre	-	62,564
Provincial: Seta	-	9,848
Provincial: Community Worker	-	90,000
Provincial: DHLGTA Grant	23,307	66,499
Provincial: Environment	48,333	7,345
Local Government: Local Municipalities Grant	48,173	93,232
Total Government Grants and Subsidies Received	9,250,260	6,738,526
Attributable to:		
Continuing Operations	9,250,260	6,738,526
Discontinued Operations	-	-
	9,250,260	6,738,526

The comparative figures for Government Grants and Subsidies have been restated to adhere to the provisions of GRAP 23, *Revenue from Non-exchange Transactions*. Refer to Note 38.2 on "Change in Accounting Policy" for details of the restatement.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
27.1 National: Equitable Share	4,420,759	3,508,390

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents of Goldville receive a monthly subsidy up to R159.72 pm and consumers in Bergsig received R 154.87 pm, based on the monthly billing, towards the consumer account, which subsidy is determined annually by council. All consumers receive 6 kl water and the indigent households receive 50 kWh electricity free every month.

27.2 National: FMG Grant

Balance unspent at beginning of year	234,097	576,173
Current year receipts	500,000	250,000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(703,262)	(592,076)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 17)	30,835	234,097

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

27.3 National: MIG Funds

Balance unspent at beginning of year	288,919	(256,524)
Current year receipts	982,000	663,799
Own Funds	-	291,120
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(1,794,399)	(409,476)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 17)	-	288,919
Conditions met balance due by government transferred to current assets (see note 5)	(523,480)	-

The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads, sports and sewerage infrastructure as part of the upgrading of previously disadvantaged areas (included in the Roads and Sewerage votes in Appendix "B"). No funds have been withheld.

27.4 National: MSG Funds

Balance unspent at beginning of year	362,684	482,088
Current year receipts	735,000	734,000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(432,954)	(853,404)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 17)	664,730	362,684

The Municipal Systems Improvement Grant is allocated to municipalities to improve municipal systems and was used to improve information technology networks and Ward Committee operations. No funds have been withheld.

27.5 National - Department Water and Forests (DWAF)

Balance unspent at beginning of year	606,278	(83,380)
Current year receipts	217,000	1,397,000
Own Funds	-	179,394
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(497,063)	(886,736)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 17)	326,215	606,278

This grant has been used for a water supply at Matjiesfontein, ground water investigation and the draw up water masterplan, as well as for the "work-for-water" project. There is a shortage of R179 393.63 being finance from Council funds pending government funds. This did not materialize and Council on 26 June 2008 approved that the shortage be funded from own sources.

27.6 Streets and Stormwater (MIG)

Balance unspent at beginning of year	-	-
Current year receipts	752,400	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(767,576)	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 17)	-	-
Conditions met balance due by government transferred to current assets (see note 5)	(15,176)	-

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
27.7 Water (MIG)		
Balance unspent at beginning of year	-	-
Current year receipts	609,600	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(329,571)	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>280,029</u>	<u>-</u>

27.8 National: Sport and Development

Balance unspent at beginning of year	5,744	4,200
Current year receipts	-	10,344
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	193	(8,800)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>5,937</u>	<u>5,744</u>

This grant was received for the promotion and development of sport and will be utilised as such as soon as a project has been identified. No funds have been withheld.

27.9 Department of Mineral and Energy

Balance unspent at beginning of year	183,511	54,324
Current year receipts	-	208,000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(78,813)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>183,511</u>	<u>183,511</u>

This grant has been used for electricity network overall.

27.10 Bus Rotes

Balance unspent at beginning of year	-	-
Current year receipts	700,000	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(7,000)	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>693,000</u>	<u>-</u>

27.11 Provincial: Electricity Matjiesfontein

Balance unspent at beginning of year	214,407	-
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(144,453)	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>69,954</u>	<u>-</u>

27.12 Provincial: Library

Balance unspent at beginning of year	-	-
Current year receipts	67,633	40,878
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(67,633)	(40,878)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>-</u>	<u>-</u>

This grant was allocated for the upgrading of library equipment. No funds have been withheld.

27.13 Provincial: Streets

Balance unspent at beginning of year	-	-
Current year receipts	24,000	30,464
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(24,000)	(30,464)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>-</u>	<u>-</u>

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
27.14 Provincial: Community Centre		
Balance unspent at beginning of year	-	-
Current year receipts	-	62,564
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(62,564)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>-</u>	<u>-</u>

27.15 Provincial: Seta

Balance unspent at beginning of year	-	-
Current year receipts	-	9,848
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(9,848)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>-</u>	<u>-</u>

27.16 Provincial: Community Workers

Balance unspent at beginning of year	-	-
Current year receipts	120,000	90,000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(120,000)	(90,000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>-</u>	<u>-</u>

27.17 Provincial: Soup Kitchen

27.18 Provincial: Department Housing, Local Government and Traditional Affairs (DHLGTA)

Balance unspent at beginning of year	(570,959)	(1,819,491)
Current year receipts	30,805	655,347
Other Income	-	8,850
Corrections	-	650,834
Conditions met - transferred to Revenue: Operating Expenses	(23,307)	(66,499)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>-</u>	<u>(570,959)</u>
Conditions met balance due by government transferred to current assets (see note 5)	<u>(563,461)</u>	<u>-</u>

This grant has been used for the erection of 108 primary schools as well as the necessary infrastructure. The shortage in 2006/2007 has been paid for the interim from own sources.
Concrete mixture transferred to technical services (R34 474.17)
Stone-crushing grit surplus in stock (R364 034.35) regarding plastic build blocks as fruitless expenditure transferred to : Fruitless expenditure Debtors

27.19 Department Environment

Balance unspent at beginning of year	254,451	53,246
Current year receipts	-	208,550
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(48,333)	(7,345)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>206,118</u>	<u>254,451</u>

This grant has been used for preparing spatial development framework.

27.20 Provincial - Department Transport

Balance unspent at beginning of year	602,311	530,136
Current year receipts	-	72,175
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>602,311</u>	<u>602,311</u>

The amount of R602 311.00 is being used for a long distance taxi zone area.
The balance can be used for rehabilitation of streets and pavements.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
27.21 Local Government - Local Municipalities		
Balance unspent at beginning of year	162,908	112,140
Current year receipts	-	144,000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(48,173)	(93,232)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>114,735</u>	<u>162,908</u>

This grant has been used for the compiling of a sewerage masterplan and investigation of electricity tariffs.

28. PUBLIC CONTRIBUTIONS AND DONATIONS

Conditional Contributions	-	-
Unconditional Contributions	49,495	39,248
Other Donations	-	-
Total Public Contributions and Donations	<u>49,495</u>	<u>39,248</u>

29. OTHER INCOME

Building Plan Fees	48,333	-
Sale of Milk	37,154	43,050
Sale of Scrap Metal	15,645	-
Other Income	78,254	125,923
Total Other Income	<u>179,387</u>	<u>168,973</u>
Attributable to:		
Continuing Operations	179,387	168,973
Discontinued Operations	-	-
	<u>179,387</u>	<u>168,973</u>

The amounts disclosed above for Other Income are in respect of services, other than described in Notes 23 to 25, rendered which are billed to or paid for by the users as the services are required according to approved tariffs. Inter-departmental Recoveries are received from other trading and economic services.

30. EMPLOYEE RELATED COSTS

Employee Related Costs - Salaries and Wages	4,442,759	3,645,453
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	645,075	495,614
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	193,844	438,652
Housing Benefits and Allowances	41,436	21,142
Overtime Payments	152,980	74,264
Performance Bonuses	147,975	97,732
Defined Benefit Plan Expense:	2,098,000	-
Current service costs	145,000	-
Interest cost	228,000	-
Past-service costs	2,144,000	-
Benefits paid	(41,000)	-
Actuarial losses / (gains)	(378,000)	-
Total Employee Related Costs	<u>7,722,070</u>	<u>4,772,857</u>
Attributable to:		
Continuing Operations	7,722,070	4,772,857
Discontinued Operations	-	-
	<u>7,722,070</u>	<u>4,772,857</u>

The comparative figures for Employee Related Costs have been restated to correct an error contained in the 2006/2007 Annual Financial Statements. Refer to note 39.3 on Correction of Errors for details of the restatement.

No advances were made to employees.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
Remuneration of the Municipal Manager		
Annual Remuneration	543,707	483,850
Performance Bonus	87,879	81,144
Car Allowance	84,000	84,000
Company Contributions to UIF, Medical and Pension Funds	1,496	-
Total	717,082	648,994
31. REMUNERATION OF COUNCILLORS		
Executive Mayor	487,413	439,201
Speaker	393,207	195,500
Executive Deputy Mayor	217,444	195,900
Councillors	434,931	409,284
Company Contributions to UIF, Medical and Pension Funds	-	3,167
Sundry Allowances (Cellular Phones, etc)	570	-
Allowances allocated to Employee Related Costs in General Ledger	476,086	-
Total Councillors' Remuneration	2,009,651	1,243,052
In-kind Benefits		
The Councillors occupying the positions of Executive Mayor, Speaker and Mayoral Committee Members of the municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties.		
Councillors may utilise official Council transportation when engaged in official duties.		
The Executive Mayor have use of Council owned vehicles for official duties.		
32. DEPRECIATION AND AMORTISATION		
Depreciation: Property, Plant and Equipment	2,763,317	2,868,371
Amortisation: Intangible Assets	-	-
Depreciation: Investment Property	61,564	-
Total Depreciation and Amortisation	2,824,881	2,868,371
Attributable to:		
Continuing Operations	2,824,881	2,868,371
Discontinued Operations	-	-
	2,824,881	2,868,371
33. BULK PURCHASES		
Electricity	2,204,503	1,701,508
Water	-	-
Total Bulk Purchases	2,204,503	1,701,508

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
34. GRANTS AND SUBSIDIES PAID		
Laingsburg High School	40,000	40,000
Acacia Primary School	40,000	40,000
Baartmansfontein	10,000	10,000
Matjiesfontein Primary	10,000	10,000
Aids program	6,500	4,284
Christmas for Children	5,175	4,548
Municipal Sport	3,239	-
Youth Week	1,666	4,602
Huis Karoo	25,000	25,000
Equitable Share Households	1,383,208	1,102,402
Tourism Centre	111,627	-
Donald Duck Pre-Primary	-	100,310
Immanuel Christen School	5,000	-
Soupkitchen	108,917	5,000
Total Grants and Subsidies	1,750,331	1,346,146

The comparative figures for Grants and Subsidies Paid have been restated to correct an error contained in the 2006/2007 Annual Financial Statements. Refer to note 39.3 on Correction of Errors for details of the restatement.

35. GENERAL EXPENSES

Training cost	210,095	-
Tools & Equipment	22,821	-
Consumables	16,713	7,740
Levy: District Municipality (Health Services)	5,287	19,000
Burial Costs: Indigent	1,000	3,191
Management fee: Wateropvanggebied	8,341	22,428
Bankcharges	83,291	52,765
Value added tax	7,702	9,656
Bargaining Council	1,484	1,341
Office Expenses: Community workers	121,180	92,509
Cards and other	164	289
Commission: Sales from Electricity	17,554	10,002
Commission: Sales from Milk	3,201	6,281
Commission: Traffic Fines	396,400	184,472
Commission: Water sales	2,153	1,178
Issuing of Drivers Licence cards	9,817	6,442
Quality Control	76,293	-
Membership fees	37,943	19,050
Material and Inventory: General	169,061	146,482
Material and Inventory: Chemicals	2,385	-
Material and Inventory: Recyclable materials	40,327	-
Material and Inventory: Milk	20,840	33,169
Municipal Services: Electricity- General	80,385	58,346
Municipal Services: Electricity- Streetlights	16,492	17,538
Municipal Services: Refuse Removal	3,200	2,911
Municipal Services: Sewerage	4,113	3,808
Municipal Services: Water	13,563	12,614
Investigation: Spatial development	48,333	-
Audit fees: Statutory Audits	756,247	198,855
Pest control	40,216	8,996
Postage	18,438	22,742
Publieke Onthale	46,681	42,552
Radiolisenisies	126	126
Legal costs	149,275	29,901
Marketing: Karoo marathon	209,567	171,863
Cleaning of streets and pavements	447,401	344,236
Bad debts written off	91,653	-
Telephone costs	227,173	168,037
Toevalleige expenses: Councillors	44,782	31,095
Insurance	94,732	86,094
Vehicle lisenis costs	17,745	8,244
Rental: Postbox	1,123	998
Rental: Equipment	2,111	2,111
Fuel and oil	386,214	257,008
Printing and Stationary	138,005	82,166
Management fee: Refuse site	101,235	82,473
Sundry Expenses	8,512	98,118
Travel and accomodation cost	530,655	370,690
Delegation cost	15,900	10,552
Uniforms and Protection Clothing	31,926	54,817
UIF	29,026	24,063
Electricity for Streetlights: Eskom	10,368	8,159
Electricity for Genelair use: Eskom	64,489	54,158
Electricity: Matjiesfontein Pumpstation	14,655	10,567
Contribution to funds	-	(26,328)
Total General Expenses	4,898,390	2,853,504

The comparative figures for General Expenses have been restated to correct an error contained in the 2006/2007 Annual Financial Statements. Refer to note 39.3 on Correction of Errors for details of the restatement.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009	2008
R	R

36. CHANGE IN ACCOUNTING POLICY

The municipality adopted the exempted portions of the following International Accounting Standards for the first time during the financial year 2008/2009 in order to comply with the basis of preparation of the Annual Financial Statements as disclosed in Accounting Policy 1. These have been implemented as at 30 June 2009:

- GRAP 03 Accounting Policies, Changes in Accounting Estimates and Errors
- GRAP 06 Consolidated and Separate Financial Statements
- GRAP 07 Investments in Associates
- GRAP 08 Interests in Joint Ventures
- GRAP 09 Revenue from Exchange Transactions
- GRAP 11 Construction Contracts
- GRAP 12 Inventories
- GRAP 13 Leases
- GRAP 16 Investment Property
- GRAP 17 Property, Plant and Equipment
- GRAP 23 Revenue from Non-exchange Transactions
- GRAP 100 Non-current Assets Held-for-Sale and Discontinued Operations
- GRAP 102 Intangible Assets
- IFRS 3 Business Combinations
- IFRS 7 Financial Instruments: Disclosures
- IFRS 8 Operating Segments
- IAS 14 Segment Reporting
- IAS 19 Employee Benefits
- IAS 36 Impairment of Assets
- IAS 39 Financial Instruments: Recognition and Measurement

37. CORRECTION OF ERROR

None

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
38 CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP: -		
38.1 Statutory Funds		
Balance previously reported: -		
Revolving Fund		5,154,600
Housing Development fund		1,100,319
Dog Licences		77,552
Revaluation fund		<u>2,284,917</u>
Total		<u>8,617,388</u>
Implementation of GAMAP		
Transferred to the Capital Replacement Reserve		5,154,600
Transferred to Housing Development Fund		1,100,319
Transferred to Accumulated Surplus/(Deficit) (see 38.6 below)		<u>2,362,469</u>
Total		<u>8,617,388</u>
38.2 Loans Redeemed and Other Capital Receipts		
Balance previously reported		57,640,050
Implementation of GAMAP		
Transferred to Government Grants		<u>29,823,272</u>
Transferred to Public Contribution Reserve		2,613,786
Transferred to Housing Development Fund		1,123,155
Transferred to Revaluation Fund		2,284,917
Transferred to Accumulated Surplus/(Deficit) (see 38.6 below)		<u>21,794,920</u>
Total		<u>57,640,050</u>
38.3 Provisions and Reserves		
Balance previously reported		
Capital Reserve		1,140,575
Reparation Fund		<u>9,662</u>
Implementation of GAMAP		<u>1,150,237</u>
Transferred to Capital Replacement Reserve		1,140,575
Transferred to Accumulated Surplus/(Deficit) (see 38.6 below)		<u>9,662</u>
		<u>1,150,237</u>
38.4 Internal Loans		
Balance previously reported		757,290
Transfer to		
Accumulated Surplus/(Deficit) (see 39.6 below)		<u>(757,290)</u>
Total		<u>-</u>
38.5 Accumulated Depreciation		
Balance previously reported		
Implementation of GAMAP		<u>-</u>
Backlog depreciation		18,123,740
Total (debited to Accumulated Surplus/(Deficit)) (see 38.6 below)		<u>18,123,740</u>
38.6 Accumulated Surplus/(Deficit)		
Implementation of GAMAP		
Adjustments to Statutory Funds (see 38.1 above)		2,362,469
Excessive provisions and reserves no longer permitted (see 38.3 above)		9,662
Transferred from internal loans (see 38.4 above)		<u>(757,290)</u>
Transferred from Loans Redeemed and Other Capital Receipts (see 54.2 above)		21,794,920
Backlog depreciation (see 38.5 above)		<u>(18,123,740)</u>
Total : Transferred to Accumulated Surplus/(Deficit)		<u>5,286,020</u>

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
39. CASH GENERATED BY OPERATIONS		
Surplus / (Deficit) for the Year	(1,815,197)	-
surplus Housing Fund	29,601	-
Adjustment for:		
Correction of prior year expenditure and income	(74,183)	-
Changes in Surplus	(165,957)	-
Housing Development Fund	(29,601)	-
Revaluation Fund	-	-
Depreciation and Amortisation	2,824,883	-
Finance Costs	-	-
Operating surplus before working capital changes	(732,339)	-
(Increase)/Decrease in Inventories	229,916	-
(Increase)/Decrease in Consumer Debtors	(350,538)	-
(Increase)/Decrease in Other Debtors	#VALUE!	-
(Increase)/Decrease in VAT Receivable	5,500	-
Increase/(Decrease) in Operating Lease	3,016	-
Increase/(Decrease) in Consumer Deposits	22,242	-
Increase/(Decrease) in Creditors	839,999	-
Increase/(Decrease) in Provisions	2,302,593	-
Increase/(Decrease) in Conditional Grants and Receipts	476,472	-
Cash generated by / (utilised in) Operations	#VALUE!	-

40. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

40.1 Unauthorised Expenditure

To management's best of knowledge no Unauthorised Expenditure was incurred during the year under review.

40.2 Fruitless and Wasteful Expenditure

To management's best of knowledge instances of note indicating that Fruitless and Wasteful Expenditure was incurred during the year under review were not revealed.

252,325

40.3 Irregular Expenditure

To management's best of knowledge instances of note indicating that Irregular Expenditure was incurred during the year under review were not revealed.

**41. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL
FINANCE MANAGEMENT ACT**

41.1 Contributions to organised local government - SALGA

Opening Balance	(240)	(47,841)
Council Subscriptions	36,044	49,653
Amount Paid - current year	(36,044)	(2,052)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	(240)	(240)

41.2 Audit Fees

Opening Balance	-	182,086
Current year Audit Fee	535,312	-
Amount Paid - current year	(319,622)	(182,086)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	215,690	-

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
41.3 VAT		
VAT inputs receivables and VAT outputs receivables are shown in Note 11. All VAT returns have		
41.4 PAYE and UIF		
Opening Balance	1,913	(3,088)
Current year Payroll Deductions	835,266	722,180
Amount Paid - current year	(835,266)	(717,179)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	<u><u>1,913</u></u>	<u><u>1,913</u></u>

41.5 Pension and Medical Aid Deductions		
Opening Balance	(31,745)	(4,346)
Current year Payroll Deductions and Council Contributions	486,463	307,670
Amount Paid - current year	(486,463)	(335,069)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	<u><u>(31,745)</u></u>	<u><u>(31,745)</u></u>

41.6 Councillor's arrear Consumer Accounts
During the financial year under review no Councillor (present or past) was in arrear with the settlement of their municipal accounts.

41.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act
No known matters existed at reporting date.

41.8 Deviation from, and ratification of minor breaches of, the Procurement Processes
In terms of section 36(2) of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal

42. COMMITMENTS FOR EXPENDITURE

42.1 Capital Commitments

Commitments in respect of Capital Expenditure:

- Approved and Contracted for:-	-	2,720,475
Infrastructure	-	2,720,475
Community	-	-
Heritage	-	-
Other	-	-
Housing Development Fund	-	-
Investment Properties	-	-
- Approved but Not Yet Contracted for:-	-	-
Infrastructure	-	-
Community	-	-
Heritage	-	-
Other	-	-
Housing Development Fund	-	-
Investment Properties	-	-
Total Capital Commitments	<u><u>-</u></u>	<u><u>2,720,475</u></u>

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

		2009 R	2008 R
43 FINANCIAL INSTRUMENTS			
43.1 Classification			
FINANCIAL ASSETS:			
In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows			
	<u>Financial Assets</u>	<u>Classification</u>	
Non-current Investments			
Fixed Deposits	Held to maturity	-	-
Finance Lease Receivables			
Long-term Receivables			
Housing - Selfbuild	Loans and receivables	47,254	63,209
Housing - Selling schemes	Loans and receivables	58,999	73,875
		<u>106,252</u>	<u>137,084</u>
Consumer Debtors			
Assessment Rates	Loans and receivables	1,072,169	896,402
Electricity	Loans and receivables	-	141,499
Refuse	Loans and receivables	-	68,843
Sewerage	Loans and receivables	-	72,895
Water	Loans and receivables	510,587	60,137
Loan Instalments	Loans and receivables	-	60,214
Other Debtors	Loans and receivables	67,772	-
		<u>1,650,527</u>	<u>1,299,990</u>
Other Debtors			
Payments made in Advance	Loans and receivables	-	-
Government Subsidy Claims	Loans and receivables	#VALUE!	1,189,661
Sundry Deposits	Loans and receivables	#VALUE!	26,972
Sundry Debtors	Loans and receivables	#VALUE!	79,236
Fruitless and Wasteful Expenditure	Loans and receivables	-	252,325
		<u>#VALUE!</u>	<u>1,548,194</u>
VAT Receivable			
VAT Control Accounts	Loans and receivables	285,725	291,226
Bank,Cash and Cash Equivalents			
Call Deposits	Held to maturity	-	-
Notice Deposits	Held to maturity	-	-
Short-term Portion of Investments	Held to maturity	-	-
Bank Balances	Available for sale	(168,110)	11,985,806
Cash Floats and Advances	Available for sale	10,596,312	650
		<u>10,428,203</u>	<u>11,986,456</u>
Operating Lease Assets			
Operating Lease Assets / Receivables	Loans and receivables	(14,656)	(11,640)
Current Portion of Long-term Receivables			
Housing - Selfbuild	Loans and receivables	19,485	19,485
Housing - Selling schemes	Loans and receivables	12,594	12,594
		32,079	32,079
Loans and Receivables			
Long-term Receivables	Housing - Selfbuild	47,254	63,209
Long-term Receivables	Housing - Selling schemes	58,999	73,875
Consumer Debtors	Assessment Rates	1,072,169	896,402
Consumer Debtors	Electricity	-	141,499
Consumer Debtors	Refuse	-	68,843
Consumer Debtors	Sewerage	-	72,895
Consumer Debtors	Water	510,587	60,137
Consumer Debtors	Loan Instalments	-	60,214
Consumer Debtors	Other Debtors	67,772	-
Other Debtors	Payments made in Advance	-	-
Other Debtors	Government Subsidy Claims	#VALUE!	1,189,661
Other Debtors	Sundry Deposits	#VALUE!	26,972
Other Debtors	Sundry Debtors	#VALUE!	79,236
Other Debtors	Fruitless and Wasteful Expenditure	-	252,325
VAT Receivable	VAT Control Accounts	285,725	291,226
Operating Lease Assets	Operating Lease Assets / Receivables	(14,656)	(11,640)
Current Portion of Finance Lease Receivables	Car Loans	-	-
Current Portion of Finance Lease Receivables	Housing Selling Scheme Loans	-	-
Current Portion of Long-term Receivables	Car Loans	19,485	19,485
Current Portion of Long-term Receivables	Debtors Capitalised Arrear Services	12,594	12,594
		<u>#VALUE!</u>	<u>3,296,933</u>
Available for Sale:			
Bank Balances and Cash	Bank Balances	-	11,985,806
Bank Balances and Cash	Cash Floats and Advances	10,596,312	650
		<u>10,596,312</u>	<u>11,986,456</u>
Total Financial Assets		<u>#VALUE!</u>	<u>30,534,699</u>

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

		2009 R	2008 R
FINANCIAL LIABILITIES:			
In accordance with IAS 39.09 the Financial Liabilities of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):			
<u>Financial Liabilities</u>	<u>Classification</u>		
Long-term Liabilities			
Consumer Deposits			
Electricity and Water	Financial liabilities at amortised cost	223,785	201,544
Creditors			
Trade Creditors	Financial liabilities at amortised cost	-	-
Payments received in Advance	Financial liabilities at amortised cost	-	-
Retentions	Financial liabilities at amortised cost	165,843	94,312
Staff Bonuses	Financial liabilities at amortised cost	-	-
Sundry Deposits	Financial liabilities at amortised cost	714,848	41,878
Other Creditors	Financial liabilities at amortised cost	385,911	290,412
		1,266,601	426,602
Unspent Conditional Grants and Receipts			
National Government Grants	Financial liabilities at amortised cost	2,390,375	1,935,684
Provincial Government Grants	Financial liabilities at amortised cost	787,000	765,219
VAT Payable		3,177,375	2,700,903
Short-term Loans			
Operating Lease Liabilities			
Bank Overdraft			
Bank Overdraft	Financial liabilities at amortised cost	168,110	-
Current Portion of Long-term Liabilities			
Financial Liabilities at Amortised Cost:			
Consumer Deposits	Electricity and Water	223,785	201,544
Creditors	Trade Creditors	-	-
Creditors	Payments received in Advance	-	-
Creditors	Retentions	165,843	94,312
Creditors	Staff Bonuses	-	-
Creditors	Sundry Deposits	714,848	41,878
Creditors	Other Creditors	385,911	290,412
Unspent Conditional Grants and Receipts	National Government Grants	2,390,375	1,935,684
Unspent Conditional Grants and Receipts	Provincial Government Grants	787,000	765,219
Bank Overdraft	Bank Overdraft	168,110	-
		4,835,871	3,329,049
Total Financial Liabilities		8,405,140	6,231,496

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009	2008
R	R

44. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

All councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

The Municipal Councillors Fund and the Municipal Gratuity Fund are defined contribution plans, whereas the other funds are defined benefit plans. All of these afore-mentioned funds are multi-employer plans. Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R25,2 million (2007: R24,1 million) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

CAPE JOINT PENSION FUND

The Cape Joint Pension Fund operates both as a defined benefit and defined contribution scheme.

The defined benefit scheme is a multi-employer plan and the contribution rate payable is 9 %, by the members and 18 % by Council. The last valuation performed for the year ended 30 June 2007 (30 June 2006) revealed that the fund had an actuarial surplus of R 200,21 million (R 293,02 million) with a funding level of 107,2 % (111,4 %), and is in a sound financial state as at 30 June 2007.

The actuarial valuation report at 30 June 2007 indicated that the defined contribution scheme of the fund is in a sound financial position, with a funding level of 105.3% (2006:105.5%).

CAPE JOINT RETIREMENT FUND

The contribution rate paid by the members (9,0 %) and Council (18,0 %) is sufficient to fund the benefits accruing from the fund in future. The last valuation performed for the year ended 30 June 2007 (30 June 2006) revealed that the fund had an actuarial surplus of R 105,04 million (R 38,6 million) with a funding level of 137,4 % (114,0 %). Certified in a sound financial position as at 30 June 2007.

MUNICIPAL COUNCILLORS PENSION

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The actuarial valuation of the fund was undertaken at 30 June 2006 and was reported to be in a sound financial position. The contribution rate paid by the members (13,75 %) and council (15 %) is sufficient to fund the benefits accruing from the fund in the future.

SOUTH AFRICAN MUNICIPAL WORKERS UNION NATIONAL PROVIDENT FUND

The contribution rate payable is 7,5 % by the members 18 % by Council. Actuarial valuation on this fund is performed every three years, and the last valuation performed for the year ended 30 June 2005 certified that the fund is in a sound financial state.

NATIONAL FUND FOR MUNICIPAL WORKERS

The above mentioned fund is a defined contribution Fund and according to Regulation 2 of the Pension Funds Act no 24 of 1956 exempt from the provisions of sections 9A and 16 of the Act. The contribution rate paid by the members is 9.00 % and by the council is 18.00 %.

are structured in the rules, the fund is limited to an amount equal to the accumulation of all the contributions plus investment returns less administration costs. The NFMW Retirement Fund does not have any reserve accounts or surpluses which could be allocated to members Fund records.

None of the above mentioned plans are state plans.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Cape Joint Municipal Pension Fund:

The scheme is subject to a bi-annual actuarial valuation. The last statutory valuation was performed as at 30 September 2007 and has been valued by making use of the Discounted Cash Flow method of valuation..

The statutory valuation performed as at 30 September 2007 revealed that the fund had a surplus of R82,1 (31 December 2005: shortfall of R44,2) million, with a funding level of 123,7% (31 December 2005: unknown). The contribution rate paid by the members (9,00%) and municipalities (22,00%) has a shortfall of 0,90%, but can be covered by the available margin in the fund.

National Fund for Municipal Workers:

No details could be provided for the fund and of any valuation performed.

A contribution rate is paid by the members (7,50%) and municipalities (22,00%).

45. RELATED PARTY TRANSACTIONS

45.1 Services rendered to Related Parties

During the year the municipality rendered services to the following related parties that are related to the municipality as indicated:

	Rates Charges R	Service Charges R	Sundry Charges R	Outstanding Balances R
For the Year ended 30 June 2009				
Councillors	5,215	22,669	7,586	-
Municipal Manager	2,677	5,232	15,174	-
Total Services	7,892	27,901	22,760	-
For the Year ended 30 June 2008				
Councillors	6,144	17,425	6,885	-
Municipal Manager	2,477	5,656	13,794	-
Total Services	8,621	23,081	20,679	-

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

45.2 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. Loans, together with the conditions thereof, granted prior to this date are disclosed in Note 10 to the Annual Financial Statements.

45.3 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Notes 29 and 30 respectively, to the Annual Financial Statements.

46. EVENTS AFTER THE REPORTING DATE

Mrs L S Willemsse was find quality of fraud.the exact amount involved can not be estimated at this stage.

47. Water Losses

Liingsburg Municipality experience major problems with water losses which originated from the floods in 1981. An investigation was done to try to find the cause of these water losses. The investigation found that major water losses occur, but were unable to identify where it originate from. Due to these findings the Department of Water Affairs allocated funds to Laingsburg Municipality to do a water leakage detection investigation during the 2009/2010 financial year.

APPENDIX C
LAINGSBURG MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009

Description	Cost / Revaluation				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R
Executive and Council	432,578	7,504	-	440,081	374,048	57,723	-	431,770	8,311
Finance and Administration	1,064,484	185,013	3,000	1,246,497	670,495	127,419	3,000	794,914	451,583
Planning and Development	30,192	351	-	30,542	4,579	5,741	-	10,320	20,222
Health	11,199	-	-	11,199	11,199	-	-	11,199	-
Community and Social Services	7,615,367	1,459	-	7,616,826	1,308,706	259,667	-	1,568,374	6,048,452
Housing	1,463,000	-	-	1,463,000	339,845	46,418	-	386,263	1,076,737
Public Safety	434,563	191,935	-	626,498	231,806	21,892	-	253,698	372,800
Sport and Recreation	4,103,397	5,625	-	4,109,022	786,783	188,388	-	975,171	3,133,851
Environmental Protection	-	-	-	-	-	-	-	-	-
Waste Management	7,824,876	61,915	-	7,886,791	4,225,339	384,758	-	4,610,097	3,276,694
Roads and Transport	14,758,577	1,351,150	-	16,109,727	6,571,688	786,496	-	7,358,184	8,751,543
Water	10,359,336	2,336,955	-	12,696,291	3,664,431	483,045	-	4,147,476	8,548,815
Electricity	2,147,534	702	-	2,148,236	1,064,779	66,609	-	1,131,388	1,016,848
Other	9,293,990	634,308	-	9,928,298	1,356,046	287,890	-	1,643,936	8,284,362
							-		
Total	60,394,999	4,805,749	3,000	65,197,747	21,057,729	2,824,881	3,000	23,879,610	41,318,138

APPENDIX E(1)
LAINGSBURG MUNICIPALITY
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009

Description	2008/2009 Actual	2008/2009 Budget	2008/2009 Variance	2008/2009 Variance	Explanation of Significant Variances greater than 10% versus Budget
REVENUE	R	R	R	%	
Property Rates	1,122,420	1,093,371	29,049	2.59	
Property Rates - Penalties imposed and collection charges	29,611	4,150	25,461	85.98	Revenue budgeted for under interest earned- outstand
Service Charges	6,399,528	6,160,927	238,601	3.73	
Rental of Facilities and Equipment	473,617	431,706	41,911	8.85	
Interest Earned - External investments	1,421,686	1,230,000	191,686	13.48	More funds available for investment as a result of unsp
Interest Earned - Outstanding debtors	50,588	50,000	588	1.16	
Fines	1,977,292	1,876,550	100,742	5.09	
Licences and Permits	91,486	6,650	84,836	92.73	More money from driverslicences received collected
Government Grants and Subsidies	9,182,628	9,510,790	(328,162)	(3.57)	
Other Income	179,387	54,745	124,642	69.48	More direct income received
Public Contributions and Donations	49,495	45,490	4,005	8.09	
Total Revenue	21,072,320	20,522,379	549,941	2.68	
EXPENDITURE					
Employee Related Costs	7,722,070	5,586,958	2,135,112	27.65	More contributions to post employment benefits.
Remuneration of Councillors	2,009,081	2,034,163	(25,082)	(1.25)	
Collection Costs	3,093	12,000	(8,907)	(287.97)	Accounts received increase.
Depreciation	2,824,881	3,263,211	(438,330)	(15.52)	Increase in asset values
Impairment Losses	62,000	-	62,000	(100.00)	
Repairs and Maintenance	893,951	849,655	44,296	4.96	
Bulk Purchases	2,204,503	2,415,800	(211,297)	(9.58)	
Contracted Services	519,216	763,500	(244,284)	(47.05)	Less contractors used
Grants and Subsidies Paid	1,750,331	1,986,069	(235,738)	(13.47)	Less subsidies paid
General Expenses	4,898,390	7,229,505	(2,331,115)	(47.59)	Vuna money not spend
Total Expenditure	22,887,516	24,140,861	(1,253,345)	(5.19)	
NET SURPLUS / (DEFICIT) FOR THE YEAR	(1,815,197)	(3,618,482)	1,803,285	49.84	

APPENDIX E(2)
LAINGSBURG MUNICIPALITY
ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2009

Description	2008/2009	2008/2009	2008/2009	2008/2009	Explanation of Significant Variances
	Actual	Budget	Variance	Variance	greater than 5% versus Budget
	R	R	R	%	
Executive and Council	7,504	-	7,504	100.00	Shifting of projects
Finance and Administration	185,013	686,083	(501,070)	(73.03)	Savings realised on projects
Planning and Development	351	18,000	(17,649)	(98.05)	Expenditure incurred in operational budget
Public Works	28,833	-	28,833	0.00	Projects not executed
Community and Social Services	1,459	50,000	(48,541)	(97.08)	Projects not executed
Housing	-	615,000	(615,000)	(100.00)	Projects not executed
Public Safety	191,935	212,500	(20,565)	(9.68)	
Sport and Recreation	5,625	-	5,625	0.00	
Waste Management	61,915	-	61,915	0.00	
Roads and Transport	1,351,150	1,037,400	313,750	30.24	Spending on MIG projects follow in 2009 /2010
Water	2,336,955	2,188,269	148,686	6.79	Spending on MIG projects follow in 2009 /2010
Electricity	702	800	(98)	(12.28)	
Other	634,308	557,948	76,360	13.69	
Total	4,805,749	5,366,000	(560,251)	(10.44)	

APPENDIX F
LAINGSBURG MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003
FOR THE YEAR ENDED 30 JUNE 2009

Grants and Subsidies Received

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies Delayed / Withheld					Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below	Reason for Non-compliance
		June	Sept	Dec	March	June	June	Sept	Dec	March	June	June	Sept	Dec	March	June		Yes / No	
FMG	Nat Treasury	-	500,000	-	-	-	-	155,491	165,110	199,578	183,083	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MIG Projects	MIG	320,000	-	1,800,000	544,000	700,000	-	1,136,106	713,030	132,742	679,346	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Equitable Share	Nat Treasury	-	1,437,760	1,078,320	1,904,679	-	-	1,105,190	1,105,190	1,105,190	1,105,189	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DLGH	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Electrification Project	DME	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MSP & MSIG	Province	-	735,000	-	-	-	-	61,563	41,785	84,278	247,601	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Total Grants and Subsidies Received		320,000	2,672,760	2,878,320	2,448,679	700,000	-	2,458,350	2,025,115	1,521,788	2,215,219	0	0	0	0	0			
(*) Did your municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act?																			